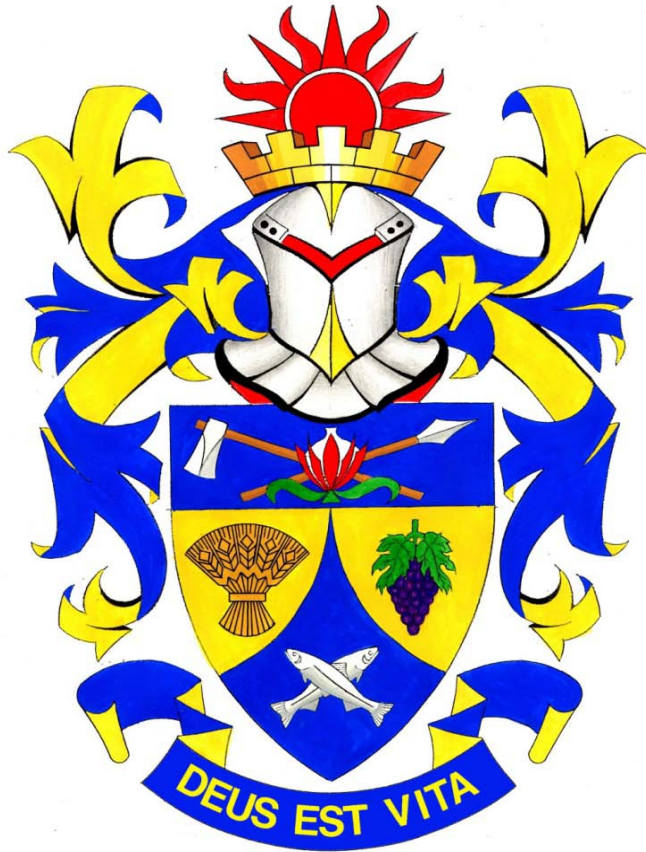


BERGRIVIER

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2013

30-Aug-13

BERGRIVIER MUNICIPALITY

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BERGRIVIER MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Example Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Bergrivier Municipality includes the towns of Piketberg, Porterville, Velddrift, Aurora, Eendekuil and Redelinghuys.

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	EB Manuel
Deputy Executive Mayor	SM Crafford
Executive Councillor	A de Vries
Executive Councillor	RM van Rooy

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

JA van Niekerk

REGISTERED OFFICE

P.O. Box 60
PIKETBERG
7320

AUDITORS

Auditor-General
Private Bag X1
Chempet
7442

PRINCIPLE BANKERS

ABSA Bank

ATTORNEYS

De Villiers Van Zyl
Britz en Pretorius
Swemmer & Levin

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

BERGRIVIER MUNICIPALITY

MEMBERS OF THE BERGRIVIER MUNICIPALITY

WARD

1
2
3
4
5
6
7
Proportional
Proportional
Proportional
Proportional
Proportional
Proportional

COUNCILLOR

JA Raats
WJ Dirks
JC Botha
RM van Rooy
D Smit (DJ Adams resign May 2013)
CJ Snyders
SM Crafford
EB Manuel
A de Vries
SR Claassen
SIJ Smit
A Maarman
C Snyders

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 92 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



Adv. H Linde
Municipal Manager

30/8/13

Date

AUDIT REPORT (TO BE INSERTED)

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	2012 R
NET ASSETS AND LIABILITIES			
Net Assets		208 798 032	201 103 521
Capital Replacement Reserve	2	8 721 500	1 350 405
Housing Development Fund	2	558 273	918 354
Accumulated Surplus/(Deficit)		199 518 259	198 834 762
Non-Current Liabilities		100 991 445	97 262 104
Long-term Liabilities	3	49 204 444	48 191 136
Non-current Provisions	4	25 278 482	26 034 277
Non-current Employee Benefits	5	26 508 519	23 036 690
Current Liabilities		32 876 055	35 483 117
Consumer Deposits	6	2 516 101	2 372 942
Current Employee Benefits	7	8 033 986	7 078 493
Payables from exchange transactions	8	18 423 733	22 613 270
Unspent Conditional Government Grants and Receipts	9	180 736	231 111
Taxes	10	194 672	349 675
Operating Lease Liability	19.2	8 477	15 152
Current Portion of Long-term Liabilities	3	3 518 350	2 822 474
Total Net Assets and Liabilities		342 665 532	333 848 742
ASSETS			
Non-Current Assets		275 075 147	272 959 992
Property, Plant and Equipment	12	258 798 991	256 487 902
Investment Property	13	14 021 760	14 021 760
Intangible Assets	14	837 958	552 014
Long-term Receivables	15	1 416 438	1 898 315
Current Assets		67 590 382	60 888 750
Inventory	16	2 377 361	2 849 512
Receivables from exchange transactions	17	30 779 863	24 244 788
Receivables from non-exchange transactions	18	18 037 616	18 659 997
Unpaid Conditional Government Grants and Receipts	9	3 005 857	2 873 479
Operating Lease Asset	19.1	54 554	58 417
Current Portion of Long-term Receivables	15	1 981 455	2 509 561
Cash and Cash Equivalents	20.1	11 353 676	9 692 997
Total Assets		342 665 529	333 848 742

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	2012 R
REVENUE			
Revenue from Non-exchange Transactions		85 417 125	89 042 333
Taxation Revenue		38 288 444	32 976 811
Property rates	21	38 288 444	32 976 811
Transfer Revenue		46 368 449	56 021 628
Government Grants and Subsidies	22	46 368 449	56 021 628
Other Revenue		760 232	43 894
Fines		760 232	43 894
Revenue from Exchange Transactions		114 301 598	103 433 519
Service Charges	23	102 808 644	92 893 996
Rental of Facilities and Equipment		2 802 730	2 760 792
Interest Earned - external investments	24	550 858	872 517
Interest Earned - outstanding receivables	25	2 439 794	2 546 756
Licences and Permits		1 694 453	1 670 413
Income for Agency Services		1 609 359	950 077
Other Income	26	2 394 112	1 736 721
Unamortised Discount - Interest		1 648	2 248
Total Revenue		199 718 723	192 475 852
EXPENDITURE			
Employee related costs	27	(72 162 540)	(64 784 495)
Remuneration of Councillors	28	(4 259 364)	(4 094 433)
Debt Impairment	29	(436 583)	(2 893 845)
Collection Costs		-	-
Depreciation and Amortisation	30	(14 480 891)	(15 883 532)
Repairs and Maintenance		(4 837 736)	(2 100 887)
Unamortised Discount - Interest		(493 106)	(596 426)
Actuarial Losses	5	(1 448 695)	(2 128 536)
Finance Costs	31	(8 769 614)	(8 566 255)
Bulk Purchases	32	(54 420 836)	(49 037 817)
Contracted Services		-	-
Grants and Subsidies Paid		(2 393 212)	(1 783 712)
Other Operating Grant Expenditure	33	(2 608 827)	(23 243 588)
General Expenses	34	(25 712 808)	(24 535 325)
Total Expenditure		(192 024 212)	(199 648 851)
Operating Surplus for the Year		7 694 511	(7 172 999)
Gains/(Loss) on Sale of Assets	35	-	82 338
(Impairment loss)/Reversal of impairment loss	36	-	(41 013)
NET SURPLUS/(DEFICIT) FOR THE YEAR		7 694 511	(7 131 674)

BERGRIVIER MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Capital Replacement Reserve	Housing Development Fund	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2011	2 900 000	1 115 655	203 095 946	207 111 601
Correction of Error - Note 37.9	-	-	1 123 594	1 123 594
Restated balance 1 July 2011	2 900 000	1 115 655	204 219 540	208 235 195
Net Surplus/(Deficit) for the year	-	-	(7 131 674)	(7 131 674)
Net Surplus/(Deficit) previously reported	-	-	(7 323 494)	(7 323 494)
Effects of Correction of Errors - Note 37.10	-	-	191 820	191 820
Transfer to/from CRR	9 748 784	-	(9 748 784)	-
Property, Plant and Equipment purchased	(11 298 379)	-	11 298 379	-
Transfer to Housing Development Fund	-	(197 301)	197 301	-
Restated balance 1 July 2012	1 350 405	918 354	198 834 762	201 103 521
Net Surplus/(Deficit) for the year	-	-	7 694 511	7 694 511
Transfer to/from CRR	10 688 809	-	(10 688 809)	-
Property, Plant and Equipment purchased	(3 317 714)	(339 663)	3 657 377	-
Transfer to Housing Development Fund	-	(20 419)	20 419	-
Balance at 30 June 2013	8 721 500	558 273	199 518 259	208 798 032

BERGRIVIER MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		38 231 890	27 921 487
Sale of goods and services		99 021 246	89 548 551
Grants		46 185 696	47 672 939
Investment Income		550 858	872 517
Other receipts		9 342 377	11 838 689
Cash payments			
Employee costs		(75 391 837)	(68 744 868)
Suppliers		(94 025 653)	(85 925 408)
Finance costs		(5 390 196)	(5 381 468)
Net Cash from Operating Activities	38	18 524 380	17 802 439
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(18 639 545)	(26 653 587)
(Increase)/Decrease in Intangible Assets		(451 862)	(247 985)
Proceeds on Disposal of Investment Properties		-	2 202 338
(Increase)/Decrease in Long-term Receivables		1 011 630	578 593
Net Cash from Investing Activities		(18 079 777)	(24 120 640)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		4 049 346	3 028 599
Loans repaid		(2 833 270)	(1 628 100)
Net Cash from Financing Activities		1 216 076	1 400 499
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1 660 679	(4 917 702)
Cash and Cash Equivalents at the beginning of the year		9 692 997	14 610 699
Cash and Cash Equivalents at the end of the year	39	11 353 676	9 692 997
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1 660 679	(4 917 702)

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
			(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2013	
		R	R	R	R	R	R	R	%
ASSETS									
Current Assets									
Cash	43.2.1	9 753 894	(6 052 055)	3 701 839	-	-	3 701 839	11 353 676	206.70%
Call Investment Deposits		-	-	-	-	-	-	-	-
Consumer Debtors	43.2.1	46 139 083	(6 998 727)	39 140 356	-	-	39 140 356	48 354 046	23.54%
Other Debtors	43.2.1	5 458 417	(1 209 710)	4 248 707	-	-	4 248 707	517 987	-87.81%
Current Portion of long-term receivables	43.2.1	-	-	-	-	-	-	1 981 455	100.00%
Inventory		327 371	(34 170)	293 200	-	-	293 200	2 377 361	710.83%
Total Current Assets	43.2.1	61 678 764	(14 294 662)	47 384 103	-	-	47 384 103	64 584 525	36.30%
Non-Current Assets									
Long-term receivables	43.2.2	-	-	-	-	-	-	1 416 438	100.00%
Investments		-	-	-	-	-	-	-	-
Investment Property	43.2.2	14 512 880	(2 086 250)	12 426 630	-	-	12 426 630	14 021 760	12.84%
Investment in Associates		-	-	-	-	-	-	-	-
Property, Plant and Equipment		231 491 559	44 229 422	275 720 982	-	-	275 720 982	258 798 991	-6.14%
Intangible Assets	43.2.2	307 352	214 873	522 225	-	-	522 225	837 958	60.46%
Other Non-Current Assets		-	-	-	-	-	-	-	-
Total Non-Current Assets	43.2.2	246 311 791	42 358 046	288 669 836	-	-	288 669 836	275 075 147	-4.71%
TOTAL ASSETS		307 990 555	28 063 384	336 053 939	-	-	336 053 939	339 659 672	1.07%
LIABILITIES									
Current Liabilities									
Borrowing		3 448 155	-	3 448 155	-	-	3 448 155	3 518 350	2.04%
Consumer Deposits		2 261 913	158 218	2 420 132	-	-	2 420 132	2 516 101	3.97%
Trade and Other Payables	43.3.3	7 095 238	12 266 430	19 361 668	-	-	19 361 668	15 801 761	-18.39%
Provisions	43.3.3	5 769 693	176 907	5 946 599	-	-	5 946 599	6 904 972	16.12%
Total Current Liabilities	43.3.3	18 574 999	12 601 555	31 176 554	-	-	31 176 554	28 741 184	-7.81%
Non-Current Liabilities									
Borrowing		47 984 800	4 961 991	52 946 791	-	-	52 946 791	49 204 444	-7.07%
Provisions		46 072 785	7 813 734	53 886 519	-	-	53 886 519	52 916 015	-1.80%
Total Non-Current Liabilities		94 057 585	12 775 725	106 833 310	-	-	106 833 310	102 120 459	-4.41%
TOTAL LIABILITIES		112 632 584	25 377 280	138 009 864	-	-	138 009 864	130 861 643	-5.18%
NET ASSETS									
Accumulated Surplus/(Deficit)		181 559 257	11 001 164	192 560 421	-	-	192 560 421	199 518 259	3.61%
Reserves	43.3.4	13 798 714	(8 315 060)	5 483 654	-	-	5 483 654	9 279 773	69.23%
TOTAL NET ASSETS	43.3.4	195 357 971	2 686 104	198 044 075	-	-	198 044 075	208 798 032	5.43%

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2013	
	R	R	R	R	R	R	R	%
REVENUE								
Property Rates	41 843 083	(843 083)	41 000 000	-	-	41 000 000	38 288 444	-6.61%
Service Charges - Electricity Revenue	66 185 448	(6 106 448)	60 079 000	-	-	60 079 000	64 237 486	6.92%
Service Charges - Water Revenue	15 064 346	251 654	15 316 000	-	-	15 316 000	16 147 684	5.43%
Service Charges - Sanitation Revenue	5 548 321	36 679	5 585 000	-	-	5 585 000	5 796 741	3.79%
Service Charges - Refuse Revenue	9 897 000	400 000	10 297 000	-	-	10 297 000	10 538 612	2.35%
Service Charges - Other Revenue	6 162 000	(27 000)	6 135 000	-	-	6 135 000	6 088 120	-0.76%
Rental of Facilities and Equipment	43.3.5 2 846 500	(333 000)	2 513 500	-	-	2 513 500	2 802 730	11.51%
Interest Earned - External Investments	43.3.5 1 240 000	(740 000)	500 000	-	-	500 000	550 858	10.17%
Interest Earned - Outstanding Debtors	2 756 000	(356 000)	2 400 000	-	-	2 400 000	2 439 794	1.66%
Fines	43.3.5 268 500	236 500	505 000	-	-	505 000	760 232	50.54%
Licences and Permits	43.3.5 1 496 000	-	1 496 000	-	-	1 496 000	1 694 453	13.27%
Agency Services	1 642 000	-	1 642 000	-	-	1 642 000	1 609 359	-1.99%
Transfers Recognised - Operational	43.3.5 33 626 000	(4 027 000)	29 599 000	-	-	29 599 000	29 911 085	1.05%
Other Revenue	43.3.5 5 149 400	(3 189 000)	1 960 400	-	-	1 960 400	2 395 760	22.21%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	43.3.5 193 724 598	(14 696 698)	179 027 900	-	-	179 027 900	183 261 359	2.36%
EXPENDITURE								
Employee Related Costs	(76 024 599)	2 593 663	(73 430 936)	-	-	(73 430 936)	(73 611 235)	0.25%
Remuneration of Councillors	(3 910 366)	(266 634)	(4 177 000)	-	-	(4 177 000)	(4 259 364)	1.97%
Debt Impairment	43.3.6 (1 063 793)	(1)	(1 063 794)	-	-	(1 063 794)	(436 583)	-58.96%
Depreciation and Asset Impairment	43.3.6 (15 990 487)	(713 716)	(16 704 203)	-	-	(16 704 203)	(14 480 891)	-13.31%
Finance Charges	(8 920 000)	1 074 000	(7 846 000)	-	-	(7 846 000)	(7 338 757)	-6.46%
Bulk Purchases	(45 593 000)	(6 057 000)	(51 650 000)	-	-	(51 650 000)	(54 420 836)	5.36%
Transfers and Grants	43.3.6 (2 478 000)	(655 000)	(3 133 000)	-	-	(3 133 000)	(2 393 212)	-23.61%
Other Expenditure	(37 586 780)	1 807 373	(35 779 407)	-	-	(35 779 407)	(35 083 334)	-1.95%
Loss on Disposal of PPE	-	-	-	-	-	-	-	-
Total Expenditure	43.3.6 (191 567 025)	(2 217 314)	(193 784 340)	-	-	(193 784 340)	(192 024 212)	-0.91%
Surplus/(Deficit)	2 157 573	(16 914 013)	(14 756 440)	-	-	(14 756 440)	(8 762 853)	-40.62%
Transfers Recognised - Capital Contributed Assets	43.3.5 16 435 288	76 712	16 512 000	-	-	16 512 000	16 457 365	-0.33%
Surplus/(Deficit) after Capital Transfers & Contributions	18 592 861	(16 837 301)	1 755 560	-	-	1 755 560	7 694 511	338.29%
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	18 592 861	(16 837 301)	1 755 560	-	-	1 755 560	7 694 511	338.29%
Attributable to Minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	18 592 861	(16 837 301)	1 755 560	-	-	1 755 560	7 694 511	338.29%
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	18 592 861	(16 837 301)	1 755 560	-	-	1 755 560	7 694 511	338.29%

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2013	
	R	R	R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	175 329 907	(21 656 364)	153 673 542	-	-	153 673 542	144 155 719	-6.19%
Government - Operating	33 626 000	(4 027 000)	29 599 000	-	-	29 599 000	29 728 331	0.44%
Government - Capital	16 435 288	76 712	16 512 000	-	-	16 512 000	16 457 365	-0.33%
Interest	3 996 000	(1 096 000)	2 900 000	-	-	2 900 000	2 990 652	3.13%
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and Employees	(200 647 747)	22 813 655	(177 834 092)	-	-	(177 834 092)	(165 075 718)	-7.17%
Finance Charges	(5 872 000)	(1 974 000)	(7 846 000)	-	-	(7 846 000)	(7 338 756)	-6.46%
Transfers and Grants	(2 478 000)	(655 000)	(3 133 000)	-	-	(3 133 000)	(2 393 212)	-23.61%
Net Cash from/(used) Operating Activities	43.2.7	20 389 448	(6 517 998)	13 871 450	-	13 871 450	18 524 381	33.54%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	-
Decrease/(Increase) in Other Non-Current Receivables	43.2.8	-	-	-	-	-	1 011 630	100.00%
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-
Payments								
Capital Assets	(25 023 288)	5 689 713	(19 333 575)	-	-	(19 333 575)	(19 091 407)	-1.25%
Net Cash from/(used) Investing Activities	43.2.8	(25 023 288)	5 689 713	(19 333 575)	-	(19 333 575)	(18 079 777)	-6.49%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	43.2.9	4 650 000	311 991	4 961 991	-	4 961 991	3 906 187	-21.28%
Increase/(Decrease) in Consumer Deposits	(210 087)	368 305	158 218	-	-	158 218	143 159	-9.52%
Payments								
Repayment of Borrowing	43.2.9	(5 598 514)	-	(5 598 514)	-	(5 598 514)	(2 833 270)	-49.39%
Net Cash from/(used) Financing Activities	43.2.9	(1 158 601)	680 295	(478 305)	-	(478 305)	1 216 076	-354.25%
NET INCREASE/(DECREASE) IN CASH HELD		(5 792 441)	(147 989)	(5 940 430)	-	(5 940 430)	1 660 680	-127.96%
Cash and Cash Equivalents at the year begin:		15 546 120	(5 903 851)	9 642 269	-	9 642 269	9 692 997	0.53%
Cash and Cash Equivalents at the year end:		9 753 679	(6 051 840)	3 701 840	-	3 701 840	11 353 677	206.70%

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act, (Act No 56 of 2003) (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The standards are summarised as follows:

REFERENCE	TOPIC
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 2 (Revised)	Cash Flow Statements
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics
GRAP 11 (Revised)	Construction Contracts
GRAP 14 (Revised)	Events after the reporting date
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-exchange Transactions

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 100 (Revised)	Non-current Assets Held for Sale and Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distribution of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IPSAS 20	Related Party Disclosure
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRIC 12	Service Concession Arrangements
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
ASB guide 1	Guideline on Accounting for Public Private Partnerships

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

BERGRIVIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

1.6. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS
ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 6 (Revised – Nov 2010)	<p><u>Consolidated and Separate Financial Statements</u></p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic Municipality as a single Municipality.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 7 (Revised – Mar 2012)	<p><u>Investments in Associate</u></p> <p>This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does have any interest in associates.</p>	1 April 2013
GRAP 8 (Revised – Nov 2010)	<p><u>Interest in Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	<p><u>Segment Reporting</u></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>Information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	Unknown
GRAP 20 (Original – Jun 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GRAP 105 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 106 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Not Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 107 (Original – Nov 2010)	<p><u>Mergers</u></p> <p>The objective of this Standard is to establish accounting principles for the combined Municipality and combining entities in a merger.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 11	<p><u>Consolidation - Special Purpose Entities (SPE)</u></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an Municipality should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p><u>Jointly Controlled Entities non-monetary contributions</u></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Municipality (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.8. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

1.11. LEASES

1.11.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the assets fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The amount of borrowing costs that the Municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.15. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.16. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

A contingent liability is:

- a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality; or
- b) a present obligation that arises from past events but is not recognised because:
 - i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. This means:

- Provisions for one-off events are measured at the most likely outcome;
- Provisions for large populations of events are measured at a probability-weighted expected value; and
- Both measurements are discounted (where the effect is material) using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

1.17. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.18.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	5 - 50	Buildings	5 - 50
Pedestrian Malls	20	Specialist vehicles	2 - 10
Electricity	6 – 50	Other vehicles	2 - 10
Water	3 - 100	Office equipment	5 - 30
Sewerage	5 - 100	Furniture and fittings	5 - 30
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and equipment	5 - 30
Buildings	5 - 30	Other plant and equipment	2-5
Recreational Facilities	20-30	Landfill sites	8 - 20
Security Halls	5	Quarries	25
Libraries	20-30	Emergency equipment	10
Parks and gardens	20-30	Computer equipment	3
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		
Cell phones	2		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

An impairment is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.18.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.19. INTANGIBLE ASSETS

1.19.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.19.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.19.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

1.19.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible

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asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.20. INVESTMENT PROPERTY

1.20.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.20.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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1.20.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.20.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.21. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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1.22. HERITAGE ASSETS

1.22.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.22.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.22.3. Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.22.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.23. NON-CURRENT ASSETS HELD FOR SALE

1.23.1. Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is

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highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.23.2. Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.24. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.24.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the assets recoverable amount.

An assets recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been

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recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.24.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the assets recoverable service amount.

An assets recoverable service amount is the higher of a non-cash-generating assets fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the assets remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the assets gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the assets recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.25. INVENTORIES

1.25.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.25.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of telemetry readings and the calculated volume in the distribution network.

1.26. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

1.26.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.26.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.26.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for

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which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.26.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.26.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

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1.26.3. De-recognition

1.26.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.26.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

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1.26.4. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.27. REVENUE

1.27.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another Municipality without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. It is a subsequent event if the Municipality does not enforce its obligation to collect the revenue. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.27.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable. At the time of initial recognition the full amount of revenue is recognised. It is a subsequent event if the Municipality does not enforce its obligation to collect the revenue.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

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Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another Municipality (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

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- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.28. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an Municipality:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an Municipality that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling Municipality.
- (b) An Municipality is related to the Municipality if any of the following conditions apply:
- the Municipality is a member of the same economic Municipality (which means that each controlling Municipality, controlled Municipality and fellow controlled Municipality is related to the others).

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- one Municipality is an associate or joint venture of the other Municipality (or an associate or joint venture of a member of an economic Municipality of which the other Municipality is a member).
- both entities are joint ventures of the same third party.
- one Municipality is a joint venture of a third Municipality and the other Municipality is an associate of the third Municipality.
- the Municipality is a post-employment benefit plan for the benefit of employees of either the Municipality or an Municipality related to the Municipality. If the reporting Municipality is itself such a plan, the sponsoring employers are related to the Municipality.
- the Municipality is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that Municipality or is a member of the management of that Municipality (or its controlling Municipality).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic Municipality who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

1.29. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.33. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

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Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.34. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.35. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.36. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.37. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
2. NET ASSET RESERVES		
RESERVES	9 279 773	2 268 759
Capital Replacement Reserve	8 721 500	1 350 405
Housing Development Fund	558 273	918 354
Total Net Asset Reserve and Liabilities	9 279 773	2 268 759

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

3. LONG TERM LIABILITIES

Annuity Loans - At amortised cost	47 819 689	46 581 429
Correction of Error - Note 37.1	-	(5 212)
Capitalised Lease Liability - At amortised cost	225 755	253 150
	48 045 444	46 829 367
Less: Current Portion transferred to Current Liabilities	(3 518 350)	(2 822 474)
Annuity Loans - At amortised cost	(3 368 256)	(2 656 718)
Capitalised Lease Liability - At amortised cost	(150 095)	(165 757)
	44 527 094	44 006 893
Plus: Unamortised charges on loans	4 677 350	4 184 243
Balance 1 July	4 184 243	3 587 817
Adjustment for the period	493 106	596 426
Total Long-term Liabilities - At amortised cost using the effective interest rate method	49 204 444	48 191 136

	2013 R	2012 R
3.1 The obligations under finance leases are scheduled below:		
	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	169 393	222 470
Payable within two to five years	80 802	94 470
Payable after five years	-	-
	250 195	316 940
Less: Future finance obligations	(24 440)	(63 790)
Present value of finance lease obligations	225 755	253 150

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Telkom SA Ltd	Telephone System	11.88%	0%	36 Months	30/11/2013
Auto Page Cellular	Cell Phones	11.83%	0%	24-28 Months	30/09/2015

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 12

4. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	25 278 482	26 034 277
Total Non-current Provisions	25 278 482	26 034 277

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
4.1 Landfill Sites		
Balance 1 July	26 034 277	26 740 972
Contribution for the year	1 430 857	1 374 686
Expenditure for the year	(173 170)	-
Change in Provision for Rehabilitation Cost	(2 013 483)	(2 081 381)
Total provision 30 June	25 278 481	26 034 277
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	25 278 481	26 034 277

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Porterville	Piketberg	Aurora	Redelinghuys
Rehabilitation volume (m³)	70 000	65 000	12 401	3 900
Length of Storm water (m)	2 200	2 000	445	250
Preliminary and general (Rand)	1 175 894	1 050 774	134 202	141 047
Site Preparation (Rand)	1 060 186	984 459	-	59 068
Storm Water Drainage (Rand)	4 536 555	4 076 069	590 386	519 712
Capping (Rand)	2 502 500	2 145 000	68 203	128 700
Other (Rand)	300 000	300 000	300 000	300 000
Contingencies (Rand)	957 514	855 630	109 279	114 853
Fees and expenses (Rand)	789 949	705 895	90 155	94 753
Construction Monitoring (Rand)	542 400	504 000	33 300	108 000

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

	Estimated decommission date	2013 R	2012 R
Location			
Porterville	30/06/2021	11 864 997	11 944 311
Piketberg	30/06/2018	10 621 826	10 100 438
Aurora	30/06/2015	1 325 526	2 580 966
Redelinghuys	30/06/2024	1 466 132	1 408 563
		25 278 481	26 034 277

5. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	22 846 497	19 676 220
Provision for Long Service Awards	3 662 022	3 360 470
Total Non-current Employee Benefits	26 508 519	23 036 690

Post Retirement Health Care Benefits

Balance 1 July	20 367 828	17 007 723
Contribution for the year	2 639 364	2 291 563
Expenditure for the year	(815 552)	(687 176)
Actuarial Loss/(Gain)	1 448 585	1 755 718
Total provision 30 June	23 640 225	20 367 828
Less: Transfer of Current Portion to Current Provisions - Note 7	(793 728)	(691 608)
Balance 30 June	22 846 497	19 676 220

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<u>Long Service Awards</u>		
Balance 1 July	3 541 459	2 875 724
Contribution for the year	614 131	528 473
Expenditure for the year	(158 392)	(235 556)
Actuarial Loss/(Gain)	110	372 818
Total provision 30 June	3 997 308	3 541 459
Less: Transfer of Current Portion to Current Provisions - Note 7	(335 286)	(180 989)
Balance 30 June	3 662 022	3 360 470

5.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	162	158
In-service (employee) non-members	195	195
Continuation members (e.g. Retirees, widows, orphans)	27	26
Total Members	384	379

The liability in respect of past service has been estimated to be as follows:

In-service members	10 732 043	8 879 531
In-service non-members	2 383 705	1 972 242
Continuation members	10 524 477	9 516 055
Total Liability	23 640 225	20 367 828

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
In-service members	7 355 727	5 477 852	5 789 592
In-service non-members	1 725 417	1 202 455	1 358 052
Continuation members	7 926 579	6 625 612	5 984 865
Total Liability	17 007 723	13 305 919	13 132 509

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Discovery
Key Health
Hosmed
LA Health
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 223 747, whereas the Interest Cost for the next year is estimated to be R2 083 458.

	2013 %	2012 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	8.96	7.87
Health Care Cost Inflation Rate	7.70	6.98
Net Effective Discount Rate	1.17	0.83

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years. The average retirement age for employees is 63 years.

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	23 640 225	20 367 828
Fair value of plan assets	-	-
	<u>23 640 225</u>	<u>20 367 828</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>23 640 225</u>	<u>20 367 828</u>
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	20 367 828	17 007 723
Total expenses	1 823 812	1 704 991
Current service cost	1 063 477	846 263
Interest Cost	1 575 887	1 445 300
Benefits Paid	(815 552)	(586 572)
Actuarial (gains)/losses	1 448 585	1 655 114
Present value of fund obligation at the end of the year	<u>23 640 225</u>	<u>20 367 828</u>
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	13.116	10.524	23.640	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	15.335	11.775	27.110	15%
Health care inflation	-1%	11.029	9.460	20.489	-13%
Post-retirement mortality	-1 year	13.580	10.923	24.503	4%
Average retirement age	-1 year	14.507	10.524	25.032	6%
Withdrawal Rate	-50%	14.460	10.524	24.984	6%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	1 338 600	1 864 400	3 203 000	21%
Health care inflation	-1%	852 300	1 344 300	2 196 600	-17%
Post-retirement mortality	-1 year	1 102 400	1 636 200	2 738 600	4%
Average retirement age	-1 year	1 116 800	1 662 600	2 779 400	5%
Withdrawal Rate	-50%	1 224 100	1 657 300	2 881 400	9%

2013
R

2012
R

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	1 448 585	1 655 114
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Liabilities: (Gain) / loss	2 478 639	(1 161 210)	(100 748)
Assets: Gain / (loss)	-	-	-

5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 357 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R516 463 whereas the Interest Cost for the next year is estimated to be R286 725.

Key actuarial assumptions used:	2013 %	2012 %
i) Rate of interest		
Discount rate	7.48	6.59
General Salary Inflation (long-term)	6.82	5.96
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.62	0.59

2013
R

2012
R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3 997 308	3 541 459
Fair value of plan assets	-	-
	3 997 308	3 541 459
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	3 997 308	3 541 459

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	3 541 459	2 875 724
Total expenses	455 739	358 218
Current service cost	386 459	309 244
Interest Cost	227 672	219 229
Benefits Paid	(158 392)	(170 255)
Actuarial (gains)/losses	110	307 517
Present value of fund obligation at the end of the year	3 997 308	3 541 459

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		3.997	
General salary inflation	1%	4.311	8%
General salary inflation	-1%	3.717	-7%
Average retirement age	-2 yrs	3.459	-13%
Average retirement age	2 yrs	4.497	13%
Withdrawal rates	-50%	4.745	19%

	2013 R	2012 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	110	307 517
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Liabilities: (Gain) / loss	(78 977)	48 764	26 306
Assets: Gain / (loss)	-	-	-

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund has a funding level of 99,4% (30 June 2011 - 98,1%). Since the fund's financial year end at 30 June 2009, its actuary had been investigating the investment return for the past financial year. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The pro-rata portion owed by the Municipality was calculated at R1 424 525. Refer to note 7.4 for provision made.

	2013 R	2012 R
Contributions paid recognised in the Statement of Financial Performance	341 436	183 256

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108,0% (30 June 2011 - 116,9%).

Contributions paid recognised in the Statement of Financial Performance	5 159 537	4 241 879
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	43 435	40 664
Municipal Councillors Pension Fund	183 257	183 256
SAMWU National Provident Fund	1 801 977	1 759 663
	2 028 670	1 983 583

6. CONSUMER DEPOSITS

Water and Electricity	2 516 101	2 372 942
Total Consumer Deposits	2 516 101	2 372 942

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	1 943 235	1 813 661
Staff Leave	3 537 212	3 112 712
Shortfall in Cape Joint Pension Fund	1 424 525	1 279 523
Current Portion of Non-Current Provisions	1 129 014	872 597
Current Portion of Post Retirement Benefits - Note 5	793 728	691 608
Current Portion of Long-Service Provisions - Note 5	335 286	180 989
Total Provisions	8 033 986	7 078 493

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The movement in current provisions are reconciled as follows:

	2013 R	2012 R
7.1 <u>Staff Bonuses</u>		
Balance at beginning of year	1 813 661	1 548 939
Contribution to current portion	3 510 761	3 279 448
Expenditure incurred	(3 381 187)	(3 014 727)
Balance at end of year	1 943 235	1 813 661

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

7.2 <u>Staff Leave</u>		
Balance at beginning of year	3 112 712	2 654 349
Contribution to current portion	893 249	994 026
Expenditure incurred	(468 749)	(535 663)
Balance at end of year	3 537 212	3 112 712

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

7.3 <u>TASK Evaluation</u>		
Balance at beginning of year	-	821 799
Transfer from non-current	-	-
Contribution to current portion	-	-
Expenditure incurred	-	(821 799)
Balance at end of year	-	-

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive back pay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.

7.4 <u>Shortfall in Cape Joint Pension Fund</u>		
Balance at beginning of year	1 279 523	1 133 951
Transfer from non-current	-	-
Contribution to current portion	-	-
Expenditure incurred - MORA Interest	145 001	145 573
Balance at end of year	1 424 525	1 279 523

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision is made for the pro-rata portion owed by the Municipality.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 5 to the Financial Statements.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
8. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	8 002 142	14 645 923
Interest Accrued	2 370 342	2 492 913
Payments received in advance	1 801 172	1 118 140
Retentions	74 944	74 944
Other Creditors	5 650 652	5 298 761
Deposits: Other	524 481	445 777
Correction of Error - Note 37.2	-	(1 463 188)
Total Trade Payables	18 423 733	22 613 270

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	180 736	231 111
National Government Grants	-	-
Provincial Government Grants	133 784	80 015
District Municipality	46 952	46 952
Other Sources	-	104 145
Less: Unpaid Grants	(3 005 857)	(2 873 479)
National Government Grants	(2 309 000)	(2 330 288)
Provincial Government Grants	(161 702)	(8 037)
District Municipality	-	-
Other Sources	(535 154)	(535 154)
Total Conditional Grants and Receipts	(2 825 120)	(2 642 367)

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10. TAXES

10.1	VAT Payable	194 672	349 675
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11. SHORT-TERM LOANS

The Municipality has no short term loans.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2013

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Restated Balance	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Restated Balance	Depreciation	Disposals/ Impairment	Closing Balance	
Infrastructure														
Roads, Pavements & Bridges	49 926 437	-	49 926 437	2 247 566	-	-	52 174 003	14 299 771	-	14 299 771	1 901 492	-	16 201 263	35 972 740
Electricity Transmission & Reticulation	39 097 018	-	39 097 018	275 385	-	-	39 372 404	9 729 600	-	9 729 600	1 078 656	-	10 808 257	28 564 147
Water Dams & Reservoirs	42 891 931	-	42 891 931	623 177	850 613	-	44 365 721	10 063 042	-	10 063 042	1 239 542	-	11 302 584	33 063 137
Sewerage Purification	40 149 417	-	40 149 417	299 026	10 350 000	-	50 798 442	6 403 577	-	6 403 577	1 667 215	-	8 070 792	42 727 650
Landfill Sites	26 850 006	-	26 850 006	506 460	-	(2 013 483)	25 342 983	12 796 121	-	12 796 121	1 307 044	-	14 103 165	11 239 819
Other	1 163 522	-	1 163 522	-	-	-	1 163 522	169 160	-	169 160	77 592	-	246 751	916 770
	200 078 331	-	200 078 331	3 951 614	11 200 613	(2 013 483)	213 217 074	53 461 271	-	53 461 271	7 271 540	-	60 732 811	152 484 263
Community Assets														
Parks & Gardens	832 011	-	832 011	-	-	-	832 011	281 915	-	281 915	34 543	-	316 458	515 553
Sportfields & Stadia	6 924 054	-	6 924 054	69 750	-	-	6 993 804	1 853 936	-	1 853 936	283 197	-	2 137 132	4 856 672
Community Halls	1 400 397	-	1 400 397	-	-	-	1 400 397	478 653	-	478 653	49 311	-	527 963	872 433
Libraries	4 664 753	-	4 664 753	-	-	-	4 664 753	902 680	-	902 680	125 070	-	1 027 750	3 637 003
Recreational Facilities	14 412 181	-	14 412 181	-	-	-	14 412 181	3 147 037	-	3 147 037	450 987	-	3 598 024	10 814 157
Clinics	1 484 000	-	1 484 000	-	-	-	1 484 000	231 535	-	231 535	35 050	-	266 585	1 217 415
Museums & Art Galleries	1 564 727	-	1 564 727	-	-	-	1 564 727	347 235	-	347 235	44 193	-	391 428	1 173 298
Other	751 757	-	751 757	-	-	-	751 757	99 175	-	99 175	15 722	-	114 897	636 860
	32 033 880	-	32 033 880	69 750	-	-	32 103 630	7 342 166	-	7 342 166	1 038 072	-	8 380 238	23 723 392
Other Assets														
General Vehicles	9 211 443	-	9 211 443	504 474	-	-	9 715 917	3 853 987	-	3 853 987	1 351 788	-	5 205 775	4 510 142
Specialised Vehicles	4 496 383	-	4 496 383	538 970	-	-	5 035 353	954 962	-	954 962	400 777	-	1 355 738	3 679 615
Plant & Equipment	10 181 003	-	10 181 003	1 006 869	-	-	11 187 872	4 608 889	-	4 608 889	1 570 078	-	6 178 967	5 008 906
Furniture and Other Office Equipment	6 586 788	-	6 586 788	359 692	-	-	6 946 480	2 550 975	-	2 550 975	1 322 243	-	3 873 218	3 073 262
Civic Land and Buildings	24 462 409	-	24 462 409	153 137	-	-	24 615 546	2 962 230	-	2 962 230	379 732	-	3 341 962	21 273 584
Other Land and Buildings	47 770 912	-	47 770 912	138 790	-	-	47 909 702	3 646 507	-	3 646 507	470 461	-	4 116 968	43 792 734
Other	1 656 068	-	1 656 068	566 290	-	-	2 222 357	820 711	-	820 711	348 393	-	1 169 104	1 053 254
Leases	440 273	-	440 273	149 346	-	-	589 619	227 890	-	227 890	161 889	-	389 779	199 840
	104 805 279	-	104 805 279	3 417 568	-	-	108 222 848	19 626 150	-	19 626 150	6 005 360	-	25 631 510	82 591 338
Total	336 917 489	-	336 917 489	7 438 933	11 200 613	(2 013 483)	353 543 551	80 429 587	-	80 429 587	14 314 972	-	94 744 559	258 798 992

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Restated Balance	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Restated Balance	Depreciation	Disposals/ Impairment	Closing Balance	
Infrastructure														
Roads, Pavements & Bridges	42 471 515	-	42 471 515	5 843 493	1 611 429	-	49 926 437	12 417 462	-	12 417 462	1 882 309	-	14 299 771	35 626 666
Electricity Transmission & Reticulation	36 078 545	915 000	36 993 545	2 103 474	-	-	39 097 018	8 650 951	-	8 650 951	1 078 650	-	9 729 600	29 367 418
Water Reservoirs & Reticulation	37 916 544	214 900	38 131 444	4 193 906	566 581	-	42 891 931	8 824 149	-	8 824 149	1 238 893	-	10 063 042	32 828 889
Sewerage Purification & Reticulation	32 981 579	-	32 981 579	7 167 838	-	-	40 149 417	4 756 381	-	4 756 381	1 647 196	-	6 403 577	33 745 839
Landfill Sites	28 435 010	-	28 435 010	496 376	-	(2 081 381)	26 850 006	9 752 817	-	9 752 817	3 043 304	-	12 796 121	14 053 885
Other	1 180 322	(16 800)	1 163 522	-	-	-	1 163 522	159 186	(3 360)	155 826	13 333	-	169 160	994 362
	179 063 514	1 113 100	180 176 614	19 805 087	2 178 010	(2 081 381)	200 078 331	44 560 946	(3 360)	44 557 586	8 903 685	-	53 461 271	146 617 059
Community Assets														
Parks & Gardens	809 931	-	809 931	22 080	-	-	832 011	254 159	-	254 159	27 756	-	281 915	550 097
Sportfields & Stadia	7 089 195	(165 141)	6 924 054	-	-	-	6 924 054	1 745 475	-	1 745 475	108 461	-	1 853 936	5 070 119
Community Halls	1 479 318	(78 922)	1 400 397	-	-	-	1 400 397	428 941	-	428 941	49 712	-	478 653	921 744
Libraries	4 664 753	-	4 664 753	-	-	-	4 664 753	805 611	-	805 611	97 070	-	902 680	3 762 072
Recreational Facilities	14 264 588	(719)	14 263 869	148 312	-	-	14 412 181	2 682 253	-	2 682 253	464 784	-	3 147 037	11 265 144
Clinics	1 484 000	-	1 484 000	-	-	-	1 484 000	196 485	-	196 485	35 050	-	231 535	1 252 465
Museums & Art Galleries	1 575 630	(10 904)	1 564 727	-	-	-	1 564 727	303 042	-	303 042	44 193	-	347 235	1 217 491
Cemeteries	-	-	-	-	-	-	-	(6 926)	-	(6 926)	6 926	-	(0)	0
Other	751 757	-	751 757	-	-	-	751 757	99 175	-	99 175	-	-	99 175	652 582
	32 119 173	(255 686)	31 863 488	170 392	-	-	32 033 880	6 508 214	-	6 508 214	833 952	-	7 342 166	24 691 714
Other Assets														
General Vehicles	8 380 999	-	8 380 999	830 444	-	-	9 211 443	2 137 696	-	2 137 696	1 716 290	-	3 853 987	5 357 456
Specialised Vehicles	2 940 183	-	2 940 183	1 556 200	-	-	4 496 383	768 162	-	768 162	186 800	-	954 962	3 541 421
Plant & Equipment	9 571 982	-	9 571 982	653 257	-	(44 237)	10 181 003	3 076 558	(47 917)	3 028 642	1 602 044	(21 796)	4 608 889	5 572 114
Furniture and Other Office Equipment	5 825 269	-	5 825 269	828 825	(35 252)	(32 054)	6 586 788	1 379 683	(41 266)	1 338 417	1 225 890	(13 332)	2 550 975	4 035 813
Civic Land and Buildings	24 114 347	-	24 114 347	264 757	83 305	-	24 462 409	2 558 767	(144)	2 558 623	403 607	-	2 962 230	21 500 179
Other Land and Buildings	49 269 399	(1 595 130)	47 674 269	96 643	-	-	47 770 912	3 133 243	-	3 133 243	513 264	-	3 646 507	44 124 405
Other	1 497 848	-	1 497 848	158 220	-	-	1 656 068	592 868	(4 561)	588 308	232 403	-	820 711	835 357
Leases	481 098	(69 424)	411 674	28 599	-	-	440 273	135 896	(69 424)	66 473	161 417	-	227 890	212 383
	102 081 124	(1 664 554)	100 416 570	4 416 946	48 054	(76 291)	104 805 279	13 782 875	(163 311)	13 619 564	6 041 715	(35 129)	19 626 150	85 179 129
Total	313 263 811	(807 140)	312 456 672	24 392 426	2 226 064	(2 157 671)	336 917 489	64 852 035	(166 671)	64 685 363	15 779 352	(35 129)	80 429 587	256 487 902

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

12.3 Assets pledged as security:

Leased Property, Plant and Equipment of R212 383 is secured for leases as set out in Note 3.

	2013 R	2012 R
13. INVESTMENT PROPERTY		
Net Carrying amount at 1 July	14 021 760	16 141 760
Cost	14 021 760	14 546 630
Correction of Error - Note 37.4	-	1 595 130
Acquisitions	-	-
Disposals	-	(2 120 000)
Net Carrying amount at 30 June	14 021 760	14 021 760
Cost	14 021 760	14 021 760
Accumulated Depreciation	-	-
Revenue derived from the rental of investment property	70 161	55 425

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

14. INTANGIBLE ASSETS

Net Carrying amount at 1 July	552 014	460 471
Cost	1 025 159	741 924
Correction of Error - Note 37.5	-	25 290
Accumulated Amortisation	(473 145)	(306 742)
Acquisitions	451 862	247 985
Amortisation	(165 918)	(156 442)
Net Carrying amount at 30 June	837 958	552 014
Cost	1 477 022	1 025 159
Accumulated Amortisation	(639 064)	(473 145)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
15. LONG TERM RECEIVABLES		
Receivables with repay arrangements - At amortised cost	3 272 426	4 260 680
Sport Club Loans - At amortised cost	12 464	24 223
Housing Loans - At amortised cost	113 909	125 526
	<u>3 398 799</u>	<u>4 410 429</u>
Less: Unamortised Discount on Loans	(906)	(2 553)
Balance 1 July	(2 553)	(4 801)
Adjustment for the period	1 648	2 248
	<u>3 397 893</u>	<u>4 407 876</u>
Less: Current portion transferred to current receivables	(1 981 455)	(2 509 561)
Receivables with repay arrangements - At amortised cost	(1 855 081)	(2 372 276)
Sport Club Loans - At amortised cost	(12 464)	(11 759)
Housing Loans - At amortised cost	(113 909)	(125 526)
Total Long Term Receivables	<u>1 416 439</u>	<u>1 898 315</u>

Debtors with a total outstanding balance of R3 272 426 (2012 - R4 260 680) have arranged to settle their account over an re-negotiated period. Total payments to the value of R1 457 834 (2012 - R1 888 404) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

16. INVENTORY		
Fuel - At cost	192 600	127 235
Water - At purification cost	73 312	66 779
Spare Parts - At cost	2 111 449	3 785 398
Correction of Error - Note 37.7	-	(1 129 900)
Total Inventory	<u>2 377 361</u>	<u>2 849 512</u>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Consumable stores materials written down due to losses as identified during the annual stores counts.

-	<u>14 694</u>
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No inventory assets were pledged as security for liabilities.

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	8 067 038	7 807 900
Water	5 919 312	5 159 640
Housing Rentals	128 084	128 693
Refuse	7 070 577	5 843 681
Sewerage	4 441 910	3 856 242
Other Arrears	10 418 488	7 830 896
Correction of Error - Note 37.8	-	(18 513)
Total: Receivables from exchange transactions (before provision)	<u>36 045 409</u>	<u>30 608 539</u>
Provision for Impairments	(5 265 546)	(6 363 751)
Total: Receivables from exchange transactions (after provision)	<u>30 779 863</u>	<u>24 244 789</u>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

Debtors with a total outstanding balance of R3 272 426 (2012 - R4 260 680) have arranged to settle their account over an re-negotiated period. Total payments to the value of R1 457 834 (2012 - R1 888 404) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	4 486 635	4 380 659
31 - 60 Days	896 340	839 264
61 - 90 Days	250 398	267 325
+ 90 Days	2 433 666	2 320 652
Total	8 067 038	7 807 900
<u>(Water): Ageing</u>		
Current (0 - 30 days)	1 227 212	1 096 280
31 - 60 Days	586 675	519 521
61 - 90 Days	321 864	322 254
+ 90 Days	3 783 561	3 221 585
Total	5 919 312	5 159 640
<u>(Housing): Ageing</u>		
Current (0 - 30 days)	3 791	4 385
31 - 60 Days	2 226	2 800
61 - 90 Days	1 804	2 499
+ 90 Days	120 263	119 009
Total	128 084	128 693
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1 111 347	994 207
31 - 60 Days	500 782	456 076
61 - 90 Days	293 850	290 891
+ 90 Days	5 164 598	4 102 507
Total	7 070 577	5 843 681
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	653 818	542 192
31 - 60 Days	310 060	297 116
61 - 90 Days	190 083	189 420
+ 90 Days	3 287 949	2 827 514
Total	4 441 910	3 856 242
<u>(Other): Ageing</u>		
Current (0 - 30 days)	5 984 323	4 178 871
31 - 60 Days	220 553	208 214
61 - 90 Days	169 722	167 093
+ 90 Days	4 043 889	3 276 718
Total	10 418 488	7 830 896
<u>(Total): Ageing</u>		
Current (0 - 30 days)	13 467 126	11 178 081
31 - 60 Days	2 516 636	2 322 991
61 - 90 Days	1 227 721	1 239 482
+ 90 Days	18 833 926	15 867 985
Total	36 045 409	30 608 539

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<u>Reconciliation of Provision for Bad Debts</u>		
Balance at beginning of year	6 363 751	5 856 329
Contribution to provision	-	813 458
VAT on provision	(19 287)	113 884
Bad Debts written off against provision	(914 194)	(419 921)
Reversal of provision	(164 724)	-
Balance at end of year	5 265 546	6 363 751

The total amount of this provision is R5 265 518 and consist of:

Services	3 251 675	4 167 699
Other Debtors	2 013 871	2 196 052
Total Provision for Bad Debts on Receivables from exchange transactions	5 265 546	6 363 751

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	24 250 288	24 193 734
Other Receivables	463 433	541 060
Other Receivables	463 433	541 060
	24 713 721	24 734 794
Less: Provision for bad debts	(6 676 104)	(6 074 797)
Total Receivables from non-exchange transactions	18 037 616	18 659 997

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	2 923 240	4 698 741
31 - 60 Days	928 638	3 492 289
61 - 90 Days	1 898 719	839 136
+ 90 Days	18 499 691	15 163 568
Total	24 250 288	24 193 734

Reconciliation of Provision for Bad Debts

Balance at beginning of year	6 074 797	4 079 516
Contribution to provision	601 307	2 080 386
Bad Debts written off against provision	-	(85 105)
Reversal of provision	-	-
Balance at end of year	6 676 104	6 074 797

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
The total amount of this provision is R6 676 104 and consist of:		
Taxes	6 676 104	6 074 797
Other	-	-
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	6 676 104	6 074 797

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19. OPERATING LEASE ARRANGEMENTS**19.1 The Municipality as Lessee**

Operating Lease Asset	54 554	58 417
Reconciliation		
Balance at the beginning of the year	58 417	58 202
Movement during the year	(3 863)	215
Balance at the end of the year	54 554	58 417
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	230 269	142 780
1 to 5 Years	536 032	217 915
More than 5 Years	1 315 642	1 471 045
Total Operating Lease Arrangements	2 081 943	1 831 740

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

19.2 The Municipality as Lessor

Operating Lease Liability	8 477	15 152
Reconciliation		
Balance at the beginning of the year	15 152	22 689
Movement during the year	(6 675)	(7 537)
Balance at the end of the year	8 477	15 152
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	25 937	25 723
1 to 5 Years	-	25 937
More than 5 Years	-	-
Total Operating Lease Arrangements	25 937	51 660

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
20. BANK ACCOUNTS		
20.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	11 342 406	9 631 299
Correction of Error - Note 37.6	-	50 727
Cash Floats	11 270	10 970
Total Cash and Cash Equivalents - Assets	11 353 676	9 692 997
The municipality has the following bank accounts:		
<u>Current Accounts</u>		
ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):	11 330 661	9 622 237
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):	11 745	9 062
	11 342 406	9 631 299
<u>ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):</u>		
Cash book balance at beginning of year	9 622 237	14 600 999
Cash book balance at end of year	11 330 661	9 622 237
Bank statement balance at beginning of year	9 492 184	23 402 932
Bank statement balance at end of year	11 011 674	9 492 184
<u>ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):</u>		
Cash book balance at beginning of year	9 062	-
Cash book balance at end of year	11 745	9 062
Bank statement balance at beginning of year	9 062	3 435
Bank statement balance at end of year	11 745	9 062
21. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	40 212 304	34 673 691
<u>Less:</u> Rebates	(1 923 859)	(1 696 880)
Total Assessment Rates	38 288 444	32 976 811
<u>Valuations - 1 July 2012</u>		
Rateable Land and Buildings	6 978 479 277	6 886 123 547
Residential Property	3 873 957 811	3 800 101 761
Commercial Property	466 952 200	456 755 200
Industrial Property	187 275 830	184 789 150
Public Benefits Organisations	180 281 895	180 281 895
Agricultural Purposes	2 178 274 199	2 170 019 199
State - National/ Provincial Services	3 885 000	3 885 000
Municipal Property	87 852 342	90 291 342
Total Assessment Rates	6 978 479 277	6 886 123 547
Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.		
Basic Rate		
Residential	0.788c/R	0.710c/R
Commercial	0.8668c/R	0.710c/R
Agricultural	0.158c/R	0.107c/R

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R20 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2013 R	2012 R
22. GOVERNMENT GRANTS AND SUBSIDIES		
<u>Unconditional</u>		
Equitable Share	22 679 000	19 898 000
<u>Conditional</u>	23 689 449	36 123 628
Grants and Donations	23 689 449	36 123 628
Subsidies		-
Total Government Grants and Subsidies	46 368 449	56 021 628
Government Grants and Subsidies - Operating	34 034 085	41 534 607
Government Grants and Subsidies - Capital	12 334 365	14 487 019
Total Government Grants and Subsidies	46 368 449	56 021 626
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	22 679 000	19 898 000
Community Parks	-	125 727
Council	891 295	806 002
Electricity	4 200 000	-
Financial Administration	1 329 566	1 210 536
Housing	829 444	19 258 206
Library	3 640 000	3 269 461
Planning and Development	-	84 393
Refuse Removal and Dumping	-	338 515
Roads and Stormwater	896 000	822 893
Sewerage	11 799 000	9 641 464
Sportgrounds & Swimming Pools	104 145	434 852
Stormwater Management	-	131 579
Total Government Grants and Subsidies	46 368 449	56 021 628
22.1 <u>Equitable Share</u>		
Opening balance	(2 309 000)	-
Grants received	22 679 000	17 589 000
Conditions met - Operating	(22 679 000)	(19 898 000)
Conditions met - Capital	-	-
Conditions still to be met	(2 309 000)	(2 309 000)

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
22.2 Local Government Financial Management Grant (FMG)		
Opening balance	(18 492)	(57 957)
Grants received	1 250 000	1 250 000
Conditions met - Operating	(1 231 508)	(1 210 535)
Conditions met - Capital	-	-
Conditions still to be met	-	(18 492)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

22.3 Municipal Systems Improvement Grant (MSIG)		
Opening balance	(2 795)	8 365
Grants received	800 000	790 000
Conditions met - Operating	(337 321)	(656 160)
Conditions met - Capital	(459 884)	(145 000)
Conditions still to be met	-	(2 795)

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

22.4 Municipal Infrastructure Grant (MIG)		
Opening balance	-	252 979
Grants received	11 799 000	9 727 000
Conditions met - Operating	-	-
Conditions met - Capital	(11 799 000)	(9 979 979)
Conditions still to be met	-	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

22.5 Expanded Public Works Programme		
Opening balance	-	-
Grants received	896 000	581 000
Conditions met - Operating	(896 000)	(581 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used for job creation.

22.6 Integrated National Electrification Programme (Municipal)		
Opening balance	-	-
Grants received	4 200 000	-
Conditions met - Operating	(4 200 000)	-
Conditions met - Capital	-	-
Conditions still to be met	-	-

The INEP Grant was used to upgrade electrical infrastructure in the municipal area.

22.7 Housing Grant		
Opening balance	(8 036)	5 424 867
Grants received	667 696	13 822 478
Conditions met - Operating	(821 362)	(14 893 341)
Conditions met - Capital	-	(4 362 040)
Conditions still to be met	(161 702)	(8 036)

The Housing grant was utilised for the development of erven and the erection of top structures and infrastructure.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
22.8 CDW Contribution		
Opening balance	40 090.24	98 511
Grants received	54 000.00	78 000
Conditions met - Operating	(94 090.24)	(136 421)
Conditions met - Capital	-	-
Conditions still to be met	-	40 090

The CDW Contribution was used to finance the activities of Community Development Workers.

22.9 Housing Consuming Education		
Opening balance	39 924	42 749
Grants received	-	-
Conditions met - Operating	(8 082)	(2 825)
Conditions met - Capital	-	-
Conditions still to be met	31 842	39 924

The Housing Consuming Education Grant was used for public awareness programs.

22.10 Construction Sidewalks		
Opening balance	-	241 893
Grants received	-	-
Conditions met - Operating	-	(241 893)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used to built sidewalks.

22.11 Provincial Government Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	200 000	-
Conditions met - Operating	(98 058)	-
Conditions met - Capital	-	-
Conditions still to be met	101 942	-

The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA).

22.12 Library Grant		
Opening balance	-	-
Grants received	3 640 000	3 269 461
Conditions met - Operating	(3 640 000)	(3 269 461)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used for appointment of library staff.

22.13 West Coast DM - PIMMS		
Opening balance	-	84 393
Grants received	-	-
Conditions met - Operating	-	(84 393)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used for financing of Spatial Development Framework.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
22.14 <u>West Coast DM - LED</u>		
Opening balance	46 952	46 952
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	46 952	46 952
The grant was used for Local Economic Development facilitation.		
22.15 <u>Lotto: Zuurvlaakte Sport Field</u>		
Opening balance	75 481	510 333
Grants received	-	-
Conditions met - Operating	-	(434 852)
Conditions met - Capital	(75 481)	-
Conditions still to be met	-	75 481
The grant was used to develop a sport field at Zuurvlaakte.		
22.16 <u>Lotto: Plant Trees</u>		
Opening balance	28 663	154 390
Grants received	-	-
Conditions met - Operating	(28 663)	(125 727)
Conditions met - Capital	-	-
Conditions still to be met	-	28 663
The grant was used to plant trees in the Bergrivier area.		
22.17 <u>Lotto: Piketberg Sport Field</u>		
Opening balance	(535 154)	(670 042)
Grants received	-	134 888
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	(535 154)	(535 154)
The grant is for the developing of a sport field at Piketberg.		
22.18 <u>Lotto: Redelinghuys: Sport Field</u>		
Opening balance	-	(431 113)
Grants received	-	431 113
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant was used to develop a sport field at Redelinghuys.		
22.19 <u>Total Grants</u>		
Opening balance	(2 642 367)	5 706 320
Grants received	46 185 696	47 672 940
Conditions met - Operating	(34 034 085)	(41 534 607)
Conditions met - Capital	(12 334 365)	(14 487 019)
Conditions still to be met/(Grant expenditure to be recovered)	(2 825 120)	(2 642 367)
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	180 736	231 111
Unpaid Conditional Government Grants and Receipts	(3 005 856)	(2 873 477)
Total	(2 825 121)	(2 642 367)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
23. SERVICE CHARGES		
Electricity	66 472 296	60 363 020
Service Charges	69 619 801	63 297 032
Less: Income Forgone	(3 147 504)	(2 934 012)
Water	17 078 779	14 810 685
Service Charges	20 140 358	17 293 698
Less: Income Forgone	(3 061 579)	(2 483 013)
Refuse Removal	12 070 720	10 980 428
Service Charges	15 333 310	13 389 042
Less: Income Forgone	(3 262 590)	(2 408 614)
Sewerage and Sanitation Charges	7 186 848	6 739 862
Service Charges	9 379 680	8 430 108
Less: Income Forgone	(2 192 831)	(1 690 246)
Total Service Charges	102 808 644	92 893 996
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
24. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	550 858	872 517
Total Interest Earned - External Investments	550 858	872 517
25. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Receivables	2 439 794	2 546 756
Total Interest Earned - Outstanding Receivables	2 439 794	2 546 756
26. OTHER INCOME		
Admin Fees	8 519	8 980
Cemetery	215 017	200 405
Land Sales	-	133 271
Photocopies	39 939	37 164
Private Works	7 729	5 549
Sale of Refuse Bags	4 690	1 064
Search Fee	-	66
Sundry Income	2 092 123	1 318 617
Surplus Cash	1 489	755
Swimming Pools	24 606	30 850
Total Other Income	2 394 112	1 736 721
27. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	47 875 219	41 835 190
Employee Related Costs - Contributions for Medical Aids	3 315 235	3 026 178
Employee Related Costs - Contributions for UIF and Pension Funds	8 633 082	7 684 390
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 299 065	3 945 813
Housing Benefits and Allowances	486 558	443 027
Overtime Payments	2 699 436	2 420 916
Bonuses	3 510 761	3 279 448
Provision for leave	893 249	994 026
Contribution to provision - Long Service Awards - Note 5	386 459	309 244
Contribution to provision - Post Retirement Medical - Note 5	1 063 477	846 263
	72 162 540	64 784 495
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	72 162 540	64 784 495

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

	2013 R	2012 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Adv H Linde (Current)</i>		
Annual Remuneration	511 073	-
Travelling Allowance	53 088	-
Contributions to UIF, Medical and Pension Funds	122 611	-
Total	686 772	-
<i>Remuneration of the Municipal Manager - Mrs EC Liebenberg (Former)</i>		
Annual Remuneration	232 997	637 358
Car Allowance	27 975	122 445
Housing Subsidy	41 126	74 878
Service Bonus	51 687	52 945
Leave	35 326	-
Contributions to UIF, Medical and Pension Funds	64 471	172 988
Total	453 583	1 060 613
<i>Remuneration of the Director : Finance - Mr JA van Niekerk</i>		
Annual Remuneration	543 632	497 934
Car Allowance	109 033	99 752
Housing Subsidy	77 847	58 498
Service Bonus	44 032	41 363
Contributions to UIF, Medical and Pension Funds	151 756	136 750
Total	926 299	834 297
<i>Remuneration of Director : Corporate Services - Mr V Kotzee</i>		
Annual Remuneration	631 713	142 000
Car Allowance	66 192	25 063
Housing Subsidy	64 137	14 000
Contributions - UIF, Medical, Pension	186 141	57 694
Total	948 184	238 757
<i>Remuneration of Director : Community Services - Mr D Lambrechts</i>		
Annual Remuneration	126 789	462 084
Car Allowance	20 091	88 140
Housing Subsidy	19 018	56 123
Service Bonus	10 561	40 093
Leave	111 682	-
Contributions - UIF, Medical, Pension	37 712	133 460
Total	325 854	779 900
<i>Remuneration of Director : Technical Services - Mr H Krohn</i>		
Annual Remuneration	534 837	208 750
Car Allowance	89 806	41 955
Housing Subsidy	78 575	25 050
Service Bonus	37 036	-
Contributions - UIF, Medical, Pension	151 946	57 567
Total	892 202	333 322
<i>Remuneration of Director : Technical Services - A J Willemsse (Former)</i>		
Annual Remuneration	-	412 606
Contributions - UIF, Medical, Pension	-	1 152
Total	-	413 758
<i>Remuneration of Director : Corporate Services - J D Joubert (Former)</i>		
Annual Remuneration	-	78 609
Car Allowance	-	56 329
Housing Subsidy	-	7 482
Service Bonus	-	6 614
Long Service Bonus	-	38 249
Contributions - UIF, Medical, Pension	-	28 114
Total	-	215 397

BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
28. REMUNERATION OF COUNCILLORS		
JA Raats	517 839	475 204
WJ Dirks	183 632	183 086
JC Botha	243 439	219 445
RM van Rooy	449 460	447 329
DJ Adams	187 673	189 752
CJ Snyders	222 034	209 972
SM Crafford	552 692	514 850
EB Manuel	680 608	650 773
A de Vries	451 660	456 749
SR Claassen	209 695	193 475
SIJ Smit	183 632	183 086
A Maarman	192 307	187 810
C Snyders	184 693	182 904
Total Remuneration of Councillors	4 259 364	4 094 433

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	358 636	143 237	107 660	71 075	680 608
Deputy-Mayor	298 929	114 590	94 334	44 839	552 692
Speaker	283 903	114 590	59 481	59 865	517 839
Executive Committee Members	709 957	107 428	41 698	42 037	901 120
Councillors	1 032 328	214 855	251 622	108 300	1 607 106
Total Councillors' Remuneration	2 683 753	694 699	554 794	326 117	4 259 364

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Signed: Municipal Manager

	2013	2012
	R	R
29. DEBT IMPAIRMENT		
Current Receivables	436 584	2 893 845
Total Debt Impairment	436 584	2 893 845
30. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	14 314 972	15 727 089
Intangible assets	165 918	156 442
Total Depreciation and Amortisation	14 480 891	15 883 532
31. FINANCE COSTS		
Long-term Liabilities	5 390 196	5 381 468
Non-current Provisions	1 430 857	1 374 686
Non-current Employee Benefits	1 803 559	1 664 529
Employee Benefits	145 001	145 573
Total Finance Costs	8 769 614	8 566 255

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
32. BULK PURCHASES		
Electricity	50 212 465	45 456 879
Water	4 208 372	3 580 938
Total Bulk Purchases	54 420 836	49 037 817
33. OTHER OPERATING GRANT EXPENDITURE		
Operating Grant Expenditure per department		
Executive & Council	371 413	206 790
Budget & Treasury	1 303 826	1 210 536
Planning & Development	-	84 393
Housing	829 444	21 175 438
Sport & Recreation	104 145	434 852
Waste Water Management	-	131 579
Total Operating Grant Expenditure	2 608 827	23 243 588
34. GENERAL EXPENSES		
Advertisement	577 929	552 451
Audit Fees	2 504 076	2 408 302
Bank Charges	307 856	288 666
Books	19 871	19 599
Cemetery	1 847	3 286
Chemicals	532 984	635 709
Entertainment	222 593	195 630
Fuel	2 638 854	2 283 048
Impact Studies	478 650	451 833
Insurance	1 040 155	827 801
Legal Fees	264 821	211 337
Licensing	465 954	401 549
Lost Books	12 744	-
Materials	955 401	981 705
Membership Fees	610 082	501 140
Planning and Development	95 830	30 712
Postage	420 008	411 249
Printing	52 380	38 787
Professional Fees	5 222 723	5 742 535
Protective Clothing	292 799	281 669
Refuse Bags	413 856	667 729
Rent Equipment	146 040	421 793
Sport Fields	99 622	71 003
Stationary	548 437	558 945
Sundries	4 628 282	3 926 526
Telephone Costs	1 250 589	1 258 935
Training	718 694	748 200
Travel and Entertainment	451 569	543 791
Trees	590	18 684
Unions	28 492	30 029
Valuations	707 330	11 562
Fertilizer	1 750	11 118
Total General Expenses	25 712 808	24 535 325
35. GAIN/ (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	-	82 338
Total Gain/ (Loss) on Sale of Assets	-	82 338
36. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS		
Property, Plant and Equipment	-	(41 013)
Total (Impairment Loss)/ Reversal of Impairment Loss	-	(41 013)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
37. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
37.1 Long-term Liabilities		
Balance previously reported	-	48 196 348
Corrections made for difference between DBSA Statements and General Ledger - Note 4	-	(5 212)
Restated Balance	<u>-</u>	<u>48 191 136</u>
Corrections made for difference between DBSA Statements and General Ledger		
37.2 Payables from Exchange Transactions		
Balance previously reported	-	24 076 457
Credit Notes not recorded in prior years - Note 8	-	(26 408)
Unidentified Deposits recognised as Other Income - Note 8	-	(1 436 779)
Accumulated Surplus - Periods before 1 July 2011	-	(1 345 931)
Other Income - 2011/2012	-	(90 848)
Restated Balance	<u>-</u>	<u>22 613 270</u>
Credit Notes not recorded in prior years.		
37.3 Property, Plant and Equipment		
Balance previously reported	-	257 163 622
Plant and Equipment duplicated in prior years - Note 12	-	(185 200)
Cost	-	(272 486)
Accumulated Depreciation - before 1 July 2011	-	35 022
Depreciation - 2011/2012	-	52 263
Lease Assets not derecognised in prior years - Note 12	-	-
Cost	-	(69 424)
Accumulated Depreciation	-	69 424
Transfer land with undertermined use to Investment Properties - Note 12	-	(1 595 130)
Intangible Assets previously disclosed as Property, Plant and Equipment - Note 12	-	(25 290)
Cost	-	(35 252)
Accumulated Depreciation	-	9 962
Plant and Equipment previously recognised as Emergency Stock - Note	-	1 129 900
Restated Balance	<u>-</u>	<u>256 487 902</u>
Plant and Equipment duplicated in asset register in prior years, Lease Assets not derecognised in prior year, Land with undetermined not transferred to Investment Properties, Intangible Assets previously recognised under Plant and Equipment and Emergency Stock previously recognised as inventory.		
37.4 Investment Properties		
Balance previously reported	-	12 426 630
Land previously disclosed under Property, Plant and Equipment - Note 13	-	1 595 130
Restated Balance	<u>-</u>	<u>14 021 760</u>
Land with undertermined use previously disclosed under Property, Plant and Equipment.		
37.5 Intangible Assets		
Balance previously reported	-	526 725
Intangible Assets previously disclosed as Property, Plant and Equipment - Note 14	-	25 290
Cost	-	35 252
Accumulated Amortisation	-	(9 962)
Restated Balance	<u>-</u>	<u>552 014</u>
Intangible Assets previously disclosed as Property, Plant and Equipment.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
37.6 Cash and Cash Equivalents			
Balance previously reported		-	9 642 269
Direct Deposits recognised as Other Income - Note 20.1		-	50 727
Accumulated Surplus - Periods before 1 July 2011		-	2 019
Other Income - 2012/2013		-	48 708
Restated Balance		-	9 692 997
Direct Deposits recognised as Other Income.			
37.7 Inventory			
Balance previously reported		-	3 979 412
Plant and Equipment previously recognised as Emergency Stock - Note 16		-	(1 129 900)
Restated Balance		-	2 849 512
Plant and Equipment previously recognised as Emergency Stock.			
37.8 Receivables from Exchange Transactions			
Balance previously reported		-	24 263 301
Correction of Sundry Contra Account - Note 17		-	(18 513)
Restated Balance		-	24 244 788
Correction of Interest Payable to SARS. SARS has written-back interest in 2010/2011.			
37.9 Accumulated Surplus/(Deficit) - 1 July 2011			
Corrections made to Long-term Liabilities - Note 37.1		-	5 212
Credit Note not recorded in 2011/2012 - Note 37.2		-	26 408
Plant and Equipment duplicated in prior years - Cost - Note 37.3		-	(272 486)
Plant and Equipment duplicated in prior years - Accumulated Depreciation - Note 37.3		-	35 022
Unidentified Deposits recognised as Other Income - Note 37.2		-	1 345 931
Direct Deposits recognised as Other Income - Note 37.6		-	2 019
Correction of Interest Payable to SARS - Note 37.8		-	(18 513)
Total		-	1 123 594
37.10 Changes to Statement of Financial Performance			
Movement on operating account as a result of GRAP standards not implemented in prior years:			
	Note	Balance previously reported	Restated Balance
Revenue			
Property taxes		32 976 811	32 976 811
Government Grants and Subsidies		56 021 628	56 021 628
Public Contributions and Donations		-	-
Contributed Property, Plant and Equipment		-	-
Fines		43 894	43 894
Third Party Payments		-	-
Actuarial Gains		-	-
Other Revenue from non-exchange transactions		-	-
Property Rates - penalties imposed and collection charges		-	-
Service Charges		92 893 996	92 893 996
Water Services Authority Contribution		-	-
Rental of Facilities and Equipment		2 760 792	2 760 792
Interest Earned - external investments		872 517	872 517
Interest Earned - outstanding receivables		2 546 756	2 546 756
Licences and Permits		1 670 413	1 670 413
Income for Agency Services		950 077	950 077
Other Income	37.2	1 597 164	1 736 721
Gain on Sale of Assets		82 338	82 338
Unamortised Discount - Interest		2 248	2 248
Total		192 418 633	192 558 190

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Expenditure

Employee related costs	(64 784 495)	-	(64 784 495)
Remuneration of Councillors	(4 094 433)	-	(4 094 433)
Debt Impairment	(2 893 845)	-	(2 893 845)
Collection Costs	-	-	-
Depreciation and Amortisation	37.3 (15 935 795)	52 263	(15 883 532)
Repairs and Maintenance	(2 100 887)	-	(2 100 887)
Unamortised Discount - Interest	(596 426)	-	(596 426)
Actuarial Losses	(2 128 536)	-	(2 128 536)
Finance Costs	(8 566 255)	-	(8 566 255)
Bulk Purchases	(49 037 817)	-	(49 037 817)
Contracted Services	-	-	-
Grants and Subsidies Paid	(1 783 712)	-	(1 783 712)
Other Operating Grant Expenditure	(23 243 588)	-	(23 243 588)
Impairment Loss	(41 013)	-	(41 013)
General Expenses	(24 535 325)	-	(24 535 325)
Total	(199 742 127)	52 263	(199 689 864)
Net Surplus/(Deficit) for the year	(7 323 494)	191 820	(7 131 674)

	2013 R	2012 R
38. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	7 694 511	(7 131 674)
Adjustments for:		
Depreciation and amortisation	14 480 891	15 883 532
Loss/(Gain) on disposal of property, plant and equipment	-	(82 338)
Impairment Loss/(Reversal of Impairment Loss)	-	41 013
Government Grants and Subsidies received	46 185 696	47 672 940
Government Grants and Subsidies recognised as revenue	(46 368 450)	(56 021 626)
Contribution to provisions – Non-Current Provisions	1 257 687	1 374 686
Contribution from/to provisions - Non-Current Employee Benefits	2 279 551	1 897 304
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	1 448 695	2 128 536
Contribution to provisions – Bad debt	601 307	2 080 386
Reversal of Provision for Bad debt	(184 011)	813 458
Bad debts written off	(914 194)	(505 025)
Unamortised Discounts - Interest Received	(1 648)	(2 248)
Unamortised Discounts - Interest Paid	493 106	596 426
Operating lease income accrued	(6 675)	(7 537)
Operating lease expenses accrued	3 863	(215)
Operating Surplus/(Deficit) before changes in working capital	26 970 330	8 737 617
Changes in working capital	(8 445 950)	9 064 822
Increase/(Decrease) in Consumer Deposits	143 159	218 739
Increase/(Decrease) in Trade and Other Payables	(4 189 537)	10 428 928
Increase/(Decrease) in Employee Benefits	699 076	46 858
Increase/(Decrease) in Taxes	(155 003)	1 175 519
(Increase)/Decrease in Inventory	472 151	3 090 178
(Increase)/Decrease in Trade Receivables from exchange transactions	(5 436 870)	(5 605 913)
(Increase)/Decrease in Other Receivables from non-exchange transactions	21 074	(289 487)
Cash generated/(absorbed) by operations	18 524 380	17 802 439

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Current Accounts - Note 20	11 342 406	9 631 299
Cash Floats - Note 20	11 270	10 970
Total cash and cash equivalents	11 353 676	9 692 997

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
40. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 39	11 353 676	9 692 997
Less:	(933 681)	(6 425 513)
Unspent Committed Conditional Grants - Note 9	(180 736)	(231 111)
VAT - Note 10	(194 672)	(349 675)
Cash Portion of Housing Development Fund - Note 2	(558 273)	(918 354)
Secured Investments	-	(4 926 373)
Net cash resources available for internal distribution	10 419 995	3 267 484
Allocated to:		
Capital Replacement Reserve	(8 721 500)	(1 350 405)
Resources available for working capital requirements	1 698 495	1 917 079

41. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	48 045 444	46 834 579
Used to finance property, plant and equipment - at cost	(48 045 444)	(46 834 579)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

42. BUDGET COMPARISONS				
	2013 Actual R	2013 Final Budget R	2013 Variance R	2013 Variance %
42.1 Operational Budget by Standard Classification				
<u>Revenue - Standard</u>				
Governance and Administration				
Executive and council	24 068 542	23 533 000	535 542	2.28%
Budget and Treasury Office	42 781 914	45 567 000	(2 785 086)	-6.11%
Corporate Services	651 668	568 400	83 268	14.65%
Community and Public Safety				
Community and Social Services	3 912 988	3 926 000	(13 012)	-0.33%
Sport and Recreation	2 796 970	2 525 500	271 470	10.75%
Public Safety	763 790	527 000	236 790	44.93%
Housing	875 703	514 000	361 703	70.37%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	545 376	375 000	170 376	45.43%
Road Transport	3 747 027	4 090 000	(342 973)	-8.39%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	70 861 309	66 880 000	3 981 309	5.95%
Water	17 642 360	16 367 000	1 275 360	7.79%
Waste Water Management	18 985 848	18 788 000	197 848	1.05%
Waste Management	12 085 228	11 879 000	206 228	1.74%
Other	-	-	-	-
Total Revenue	199 718 723	195 539 900	4 178 823	2.14%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %
<u>Expenditure - Standard</u>				
Governance and Administration				
Executive and council	(13 034 517)	(17 206 220)	4 171 703	-24.25%
Budget and Treasury Office	(10 508 165)	(10 635 585)	127 420	-1.20%
Corporate Services	(20 196 867)	(18 588 672)	(1 608 195)	8.65%
Community and Public Safety				
Community and Social Services	(5 949 410)	(6 087 590)	138 179	-2.27%
Sport and Recreation	(9 887 984)	(9 332 061)	(555 923)	5.96%
Public Safety	(4 556 766)	(4 628 852)	72 086	-1.56%
Housing	(1 739 491)	(1 445 023)	(294 468)	20.38%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	(2 521 046)	(2 658 700)	137 654	-5.18%
Road Transport	(21 330 178)	(20 645 948)	(684 230)	3.31%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	(67 258 419)	(65 083 563)	(2 174 856)	3.34%
Water	(15 291 773)	(14 267 938)	(1 023 835)	7.18%
Waste Water Management	(12 139 567)	(8 078 563)	(4 061 004)	50.27%
Waste Management	(7 610 030)	(15 125 625)	7 515 595	-49.69%
Other	-	-	-	-
Total Expenditure	(192 024 214)	(193 784 340)	1 760 126	-0.91%
Surplus/(Deficit) for the year	7 694 509	1 755 560	5 938 949	338.29%

Details of material variances

Reasons for variances are disclosed in Note 43.

42.2 Capital Expenditure by Standard Classification

Governance and Administration				
Executive and council	629 704	-	629 704	100.00%
Budget and Treasury Office	701 333	65 000	636 333	978.97%
Corporate Services	149 346	536 575	(387 229)	-72.17%
Community and Public Safety				
Community and Social Services	901 499	222 000	679 499	306.08%
Sport and Recreation	69 750	569 000	(499 250)	-87.74%
Public Safety	978 066	993 000	(14 934)	-1.50%
Housing	-	340 000	(340 000)	-100.00%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	1 053	-	1 053	100.00%
Road Transport	2 554 266	2 172 000	382 266	17.60%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	448 331	589 000	(140 669)	-23.88%
Water	1 476 714	1 697 000	(220 286)	-12.98%
Waste Water Management	10 649 026	10 965 000	(315 974)	-2.88%
Waste Management	532 320	1 185 000	(652 680)	-55.08%
Other	-	-	-	-
Total Capital Expenditure	19 091 407	19 333 575	(242 168)	-1.25%

Details of material variances

Reasons for variances are disclosed in Note 43.

BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

42.3 Operational Budget by Municipal Vote

Revenue - Vote

	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %
Municipal Manager	24 068 542	23 533 000	535 542	2.28%
Council	24 068 542	23 533 000	535 542	2.28%
Municipal Manager	-	-	-	-
Director: Finance	42 781 914	45 567 000	(2 785 086)	-6.11%
Finance Administration	42 781 914	45 567 000	(2 785 086)	-6.11%
Director: Administration	490 755	515 400	(24 645)	-4.78%
Corporate Services	6 960	5 400	1 560	28.88%
Human Resources	324 236	360 000	(35 764)	-9.93%
Planning and Development	159 560	150 000	9 560	6.37%
Director: Community Services	11 172 646	10 540 500	632 146	6.00%
Building Control	385 816	225 000	160 816	71.47%
Community and Social Services	-	-	-	-
Fire	-	2 000	(2 000)	-100.00%
Holiday Resorts	2 668 220	2 490 500	177 720	7.14%
Housing	875 703	514 000	361 703	70.37%
Library	3 687 873	3 696 000	(8 127)	-0.22%
Museum	-	-	-	-
Traffic	763 790	525 000	238 790	45.48%
Vehicle Licencing	2 791 245	3 088 000	(296 755)	-9.61%
Director: Technical Services	121 204 865	115 384 000	5 820 865	5.04%
Cemetery	225 116	230 000	(4 884)	-2.12%
Community Parks	-	-	-	-
Council Properties & Buildings	320 473	203 000	117 473	57.87%
Electricity	70 861 309	66 880 000	3 981 309	5.95%
Electricity Streetlights	-	-	-	-
Refuse Removal and Dumping	12 085 228	11 879 000	206 228	1.74%
Roads and Stormwater	955 782	1 002 000	(46 218)	-4.61%
Sewerage	18 985 848	18 788 000	197 848	1.05%
Sportgrounds & Swimming Pools	128 750	35 000	93 750	267.86%
Stormwater Management	-	-	-	-
Water	17 642 360	16 367 000	1 275 360	7.79%
Total Revenue	199 718 723	195 539 900	4 178 823	2.14%

	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %
<u>Expenditure - Vote</u>				
Municipal Manager	(13 034 517)	(14 789 886)	1 755 369	-11.87%
Council	(13 034 517)	(14 789 886)	1 755 369	-11.87%
Municipal Manager	-	-	-	-
Director: Finance	(10 508 165)	(10 635 751)	127 586	-1.20%
Finance Administration	(10 508 165)	(10 635 585)	127 420	-1.20%
IT Administration	-	(166)	166	-100.00%
Director: Administration	(14 796 026)	(14 843 892)	47 866	-0.32%
Corporate Services	(5 522 829)	(6 582 946)	1 060 117	-16.10%
Human Resources	(7 754 153)	(6 582 946)	(1 171 207)	17.79%
Planning and Development	(1 519 043)	(1 678 000)	158 957	-9.47%
Director: Community Services	(16 630 554)	(17 114 630)	484 076	-2.83%
Building Control	(1 002 003)	(1 049 700)	47 697	-4.54%
Community and Social Services	(2 023 863)	(2 318 686)	294 823	-12.72%
Fire	(80 932)	(71 000)	(9 932)	13.99%
Holiday Resorts	(3 063 202)	(3 194 000)	130 798	-4.10%
Housing	(1 739 491)	(1 698 100)	(41 391)	2.44%
Library	(3 668 201)	(3 582 000)	(86 201)	2.41%
Museum	-	(28 000)	28 000	-100.00%
Traffic	(4 475 834)	(4 574 144)	98 310	-2.15%
Vehicle Licencing	(577 026)	(599 000)	21 974	-3.67%
Director: Technical Services	(137 054 952)	(137 318 948)	263 996	-0.19%

BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Cemetery	(257 347)	(240 403)	(16 944)	7.05%
Community Parks	(4 318 698)	(4 053 000)	(265 698)	6.56%
Council Properties & Buildings	(6 919 884)	(6 515 000)	(404 884)	6.21%
Electricity	(66 956 807)	(65 631 350)	(1 325 457)	2.02%
Electricity Streetlights	(301 612)	(213 650)	(87 962)	41.17%
Refuse Removal and Dumping	(12 139 567)	(15 090 625)	2 951 058	-19.56%
Roads and Stormwater	(20 753 151)	(20 061 948)	(691 203)	3.45%
Sewerage	(6 744 989)	(7 130 668)	385 679	-5.41%
Sportgrounds & Swimming Pools	(2 506 083)	(2 254 693)	(251 390)	11.15%
Stormwater Management	(865 041)	(1 178 000)	312 959	-26.57%
Water	(15 291 773)	(14 949 611)	(342 162)	2.29%
Total Expenditure	(192 024 214)	(194 703 107)	2 678 893	-1.38%
Surplus/(Deficit) for the year	7 694 509	836 793	6 857 716	819.52%

Details of material variances

Reasons for variances are disclosed in Note 43.

	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %
42.4 Capital Expenditure by Municipal Vote				
Municipal Manager	15 010	-	15 010	100.00%
Council	15 010	-	15 010	100.00%
Municipal Manager	-	-	-	-
Director: Finance	68 717	65 000	3 717	5.72%
Finance Administration	68 717	65 000	3 717	5.72%
Director: Administration	781 962	153 575	628 387	409.17%
Corporate Services	781 962	150 575	631 387	419.32%
Human Resources	-	3 000	(3 000)	-100.00%
Planning and Development	-	-	-	-
Director: Community Services	1 372 800	1 453 000	(80 200)	-5.52%
Building Control	1 053	-	1 053	100.00%
Community and Social Services	-	103 000	(103 000)	-100.00%
Fire	557 295	615 000	(57 705)	-9.38%
Holiday Resorts	49 553	50 000	(447)	-0.89%
Housing	340 792	340 000	792	0.23%
Library	4 158	-	4 158	100.00%
Museum	-	-	-	-
Traffic	419 949	345 000	74 949	21.72%
Vehicle Licencing	-	-	-	-
Director: Technical Services	16 852 919	17 662 000	(809 081)	-4.58%
Cemetery	99 997	152 000	(52 003)	-34.21%
Community Parks	720 342	44 000	676 342	1537.14%
Council Properties & Buildings	297 775	383 000	(85 225)	-22.25%
Electricity	463 418	589 000	(125 582)	-21.32%
Electricity Streetlights	-	-	-	-
Refuse Removal and Dumping	532 320	1 185 000	(652 680)	-55.08%
Roads and Stormwater	2 534 431	2 172 000	362 431	16.69%
Sewerage	10 693 063	10 414 000	279 063	2.68%
Sportgrounds & Swimming Pools	69 750	475 000	(405 250)	-85.32%
Stormwater Management	-	551 000	(551 000)	-100.00%
Water	1 441 822	1 697 000	(255 178)	-15.04%
Total Capital Expenditure	19 091 407	19 333 575	(242 168)	2264.80%

Details of material variances

Reasons for variances are disclosed in Note 43.

43. BUDGET INFORMATION

43.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and increase in debtor collection rate, outcome of property rates court case only received in June 2013 and finalisation of GRAP Asset Register.

43.2 Explanation of variances greater than 10%: Final Budget and Actual Amounts**Statement of Financial Position****43.2.1 Current Assets**

Cash

Increase due to better debtor collection rate and budget monitoring.

Consumer Debtors

Increase due to court case only finalised in June 2013. Outstanding properties rates are recovered in 2013/2014.

Other Debtors

Decrease due to repayments received from consumers with repay arrangements of accounts.

Current Portion of long-term receivables

Increase due to RDP Houses not transferred to new owners.

Inventory

Increase due to inventory: stores not previously included.

43.2.2 Non-Current Assets

Long-term receivables

Increase due to RDP Houses not transferred to new owners.

Investment Property

Increase due to transfer of land with undetermined use from Property, Plant and Equipment to Investment Properties.

Intangible Assets

Decrease due to increase of amortisation on Intangible Assets.

43.2.3 Current Liabilities

Trade and Other Payables

Decrease due to repayment of creditors as a result of additional income received.

Provisions

Increase due to increase in accrued leave liability.

43.2.4 Net Assets

Reserves

Increase due to addition contributions to Capital Replacement Reserve.

Statement of Financial Performance**43.2.5 Revenue**

Rental of Facilities and Equipment

Increase due to additional rental income on buildings received.

Interest Earned - External Investments

Increase due to increase in cash and cash equivalents.

Fines

Increase due to additional fines received.

Licences and Permits

Increase due to additional income received for drivers licences.

Other Revenue

Increase due to unidentified deposits recognised as income.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43.2.6 Expenditure

Debt Impairment

Decrease due to improved debtor collection rate.

Depreciation and Asset Impairment

Decrease due to capital projects under construction.

Transfers and Grants

*Decrease due to operating grant expenditure disclosed as transfer and grant in Budget. These expenditure should have been disclosed under Other Expenditure in Budget.***Cash Flow Statement****43.2.7 Net Cash from Operating Activities**

Transfers and Grants

*Decrease due to operating grant expenditure disclosed as transfer and grant in Budget. These expenditure should have been disclosed under Other Expenditure in Budget.***43.2.8 Net Cash from Investing Activities**

Decrease/(Increase) in Other Non-Current Receivables

*Increase due to RDP Houses not transferred to new owners.***43.2.9 Net Cash from Financing Activities**

Borrowing long term/refinancing

Decrease in external loan obtained for capital expenditure.

Repayment of Borrowing

*Decrease in external loans obtained for capital expenditure.***44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

	2013 R	2012 R
44.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	27 602 770	40 893 206
Unauthorised expenditure current year - operational	-	27 602 770
Unauthorised expenditure current year - capital	647 114	-
Condoned by Council on 28 May 2013	(27 602 770)	(40 893 206)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	647 114	27 602 770

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget	None

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	18 778
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	(18 778)
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings
None	None

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
44.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	1 494 855	299 487
Irregular expenditure current year	-	1 195 368
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Condonement supported by council on 28 May 2013	(1 494 855)	-
Transfer to receivables for recovery - not condoned	-	-
	0	1 494 855
Irregular expenditure awaiting further action		
Irregular expenditure awaiting condonement from National Treasury	1 494 855	1 494 855
Incident	Disciplinary steps/criminal proceedings	
3 Quotes were not obtained as required by Supply Chain Management Policy. Reasons for not obtaining 3 quotes were not documented.	To be investigated	- 104 903
Suppliers without conflict of interest forms.	To be investigated	- 239 742
Suppliers did not sign conflict of interest forms.	To be investigated	- 850 723
	-	1 195 368
Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.		
45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)		
Opening balance	-	-
Council subscriptions	1 247 662	486 268
Amount paid - current year	(1 247 662)	(486 268)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
45.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	-	1 832 345
Current year audit fee	2 918 224	2 467 811
External Audit - Auditor-General	2 841 465	2 408 302
Audit Committee	76 758	59 509
Amount paid - current year	(2 918 224)	(4 300 156)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
45.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	908 985	(825 844)
Amounts received - current year	1 058 561	3 954 517
Amounts claimed - current year (payable)	2 142 308	(202 190)
Amount paid - current year	(3 201 145)	(2 017 498)
Amount paid - previous year	(908 985)	-
Closing balance	(277)	908 985
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
45.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions	8 929 010	7 603 518
Amount paid - current year	(8 928 669)	(7 603 518)
Balance unpaid (included in creditors)	341	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	17 810 911	17 001 143
Amount paid - current year	(17 810 911)	(17 001 143)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

No Councillor had arrear accounts for more than 90 days as at 30 June 2013:

45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Amount	Single Supplier	Type of Deviation		
			Minor Offense	Impossible/ Impractical	Emergency
July	127 277	3	1	2	-
August	10 721	1	-	1	-
September	193 754	4	1	2	-
October	85 873	4	-	1	-
November	112 968	11	-	4	-
December	199 553	2	-	4	-
January	1 422 977	1	-	3	3
February	587 645	1	-	2	1
March	115 496	5	1	2	4
April	38 580	1	-	2	-
May	1 885 695	4	3	3	1
June	4 076 167	7	2	1	3
	8 856 706	44	8	27	12

	2013 R	2012 R
45.8 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	75 721 651	74 823 043
Units lost during distribution (Kwh)	10 022 999	7 441 602
Percentage lost during distribution	13.24%	9.95%
Distribution loss (Rand Value)	6 408 705	4 296 707
Water distribution losses		
Units purchased (ml)	2 368 226	2 399 380
Units lost during distribution (ml)	238 938	248 853
Percentage lost during distribution	10.09%	10.37%
Distribution loss (Rand Value)	888 849	843 612

46. CAPITAL COMMITMENTS**Commitments in respect of capital expenditure:**

Approved and contracted for:

	17 943 342	1 385 639
Infrastructure	17 943 342	1 385 639
Community	-	-
Other	-	-
Total	17 943 342	1 385 639

This expenditure will be financed from:

External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	17 943 342	1 385 639
Own Resources	-	-
District Council Grants	-	-
Total	17 943 342	1 385 639

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

47. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2013	2012
	R	R
1% (2012: 1%) Increase in interest rates	(367 030)	(371 473)
1% (2012: 1%) Decrease in interest rates	367 030	371 473

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

	2013	2013	2012	2012
	%	R	%	R
The debtors per age analysis could be summarised as follows:				
Assessment Rates	19.99%	10 715 805	20.62%	11 006 333
Consumer Deposit	-0.06%	(30 638)	-0.08%	(41 194)
Electricity	15.05%	8 067 038	14.63%	7 807 899
General Debit/Credit	-1.96%	(1 049 463)	4.61%	2 461 352
Handed Over	25.25%	13 534 483	24.71%	13 187 402
House Purchase	0.07%	36 649	0.08%	40 186
Housing	0.17%	91 435	0.17%	88 509
Legal Fees	1.19%	636 845	0.76%	406 652
Loan Arrangement	6.29%	3 369 114	5.26%	2 807 886
Refuse Removal	13.19%	7 070 577	10.95%	5 843 682
Service Balances	0.20%	109 817	0.20%	106 007
Sewerage Charge	8.29%	4 441 910	7.22%	3 856 242
Sundries	1.28%	688 541	1.21%	644 745
Water	11.04%	5 919 312	9.67%	5 159 641
Total	100.00%	53 601 426	100.00%	53 375 341

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 17 for balances included in receivables that were re-negotiated for the period under review.

	2013 %	2013 R	2012 %	2012 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	24 250 288	100.00%	24 193 734
<u>Exchange Receivables</u>				
Electricity	22.38%	8 067 038	25.49%	7 807 900
Water	16.42%	5 919 312	16.85%	5 159 640
Housing	0.36%	128 084	0.42%	128 693
Refuse	19.62%	7 070 577	19.08%	5 843 681
Sewerage	12.32%	4 441 910	12.59%	3 856 242
Other	28.90%	10 418 488	25.57%	7 830 896
	100.00%	36 045 409	100.00%	30 627 052

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2013 %	2013 R	2012 %	2012 R
<u>Non-exchange Receivables</u>				
Rates	55.91%	6 676 104	48.84%	6 074 797
<u>Exchange Receivables</u>				
Services	44.09%	5 265 546	51.16%	6 363 751
	100.00%	11 941 650	100.00%	12 438 548

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2013 R	2012 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	3 398 799	4 410 429
Receivables from exchange transactions	36 045 409	30 627 052
Cash and Cash Equivalents	11 353 676	9 642 269
	50 797 884	44 679 751

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2013				
Long-term Liabilities	169 393	80 802	-	
Provision for Rehabilitation of Landfill-sites	25 278 482	8 265 337	3 696 564	157 537
Trade and Other Payables	18 423 733	-	-	-
Unspent Conditional Grants and Receipts	180 736	-	-	-
	<u>44 052 343</u>	<u>8 346 140</u>	<u>3 696 564</u>	<u>157 537</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2012				
Long-term Liabilities	222 470	94 470	-	-
Provision for Rehabilitation of Landfill-sites	27 596 334	5 485 085	2 355 119	311 784
Trade and Other Payables	24 076 457	-	-	-
Unspent Conditional Grants and Receipts	231 111	-	-	-
	<u>52 126 373</u>	<u>5 579 555</u>	<u>2 355 119</u>	<u>311 784</u>

48. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

48.1 Financial Assets**Classification**

		2013 R	2012 R
Long-term Receivables			
Sport Organisation Loans	Financial Instruments at amortised cost	12 464	24 223
Housing	Financial Instruments at amortised cost	113 909	125 526
Receivables with repay arrangements	Financial Instruments at amortised cost	3 272 426	4 260 680
Study Loans	Financial Instruments at amortised cost		
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	8 067 038	7 807 900
Refuse	Financial Instruments at amortised cost	7 070 577	5 843 681
Sewerage	Financial Instruments at amortised cost	4 441 910	3 856 242
Water	Financial Instruments at amortised cost	5 919 312	5 159 640
Housing	Financial Instruments at amortised cost	128 084	128 693
Other Debtors	Financial Instruments at amortised cost	10 418 488	7 830 896
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	11 342 406	9 631 299
Call Deposits	Financial Instruments at amortised cost	11 270	10 970
Total Financial Assets		<u>50 797 884</u>	<u>44 679 751</u>

SUMMARY OF FINANCIAL ASSETS**Financial Instruments at amortised cost:**

Long-term Receivables	Sport Organisation Loans	12 464	24 223
Long-term Receivables	Receivables with repay arrangements	113 909	125 526
Long-term Receivables	Sale of Erven	3 272 426	4 260 680
Receivables from Exchange Transactions	Electricity	8 067 038	7 807 900
Receivables from Exchange Transactions	Refuse	7 070 577	5 843 681
Receivables from Exchange Transactions	Sewerage	4 441 910	3 856 242
Receivables from Exchange Transactions	Water	5 919 312	5 159 640
Receivables from Exchange Transactions	Loan Instalments	128 084	128 693
Receivables from Exchange Transactions	Other Debtors	10 418 488	7 830 896
Cash and Cash Equivalents	Bank Balances	11 342 406	9 631 299
Cash and Cash Equivalents	Call Deposits	11 270	10 970
		<u>50 797 884</u>	<u>44 679 751</u>
Total Financial Assets		<u>50 797 884</u>	<u>44 679 751</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
48.2 Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	47 819 689	46 581 429
Capitalised Lease Liability	Financial Instruments at amortised cost	225 755	253 150
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	8 002 142	14 645 923
Payments received in advance	Financial Instruments at amortised cost	1 801 172	1 118 140
Retentions	Financial Instruments at amortised cost	74 944	74 944
Sundry Deposits	Financial Instruments at amortised cost	524 481	445 777
Other Creditors	Financial Instruments at amortised cost	5 650 652	5 298 761
		64 098 834	68 418 123

SUMMARY OF FINANCIAL LIABILITIES**Financial instruments at amortised cost:**

Long-term Liabilities	Annuity Loans	47 819 689	46 581 429
Long-term Liabilities	Capitalised Lease Liability	225 755	253 150
Trade and Other Payables	Trade Creditors	8 002 142	14 645 923
Trade and Other Payables	Payments received in advance	1 801 172	1 118 140
Trade and Other Payables	Retentions	74 944	74 944
Trade and Other Payables	Sundry Deposits	524 481	445 777
Trade and Other Payables	Other Creditors	5 650 652	5 298 761
		64 098 834	68 418 123

49. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

50. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

51. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

53. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

53.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2013				
Councillors				
SR Claassen	1 276	3 476	115	1 566
SM Crafford	-	10 869	6	804
A de Vries	-	28 871	(740)	2 512
WJ Dirks	2 837	5 648	-	769
EB Manuel	1 418	13 768	40	1 241
JA Raats	6 978	21 271	33	2 162
A Maarman	123	3 617	2	300
SIJ Smit	3 952	24 780	163	3 031
	16 584	112 300	(381)	12 384

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Municipal Manager and Section 57 Employees

Adv H Linde	-	2 196	2	552
C Liebenberg (former Municipal Manager)	8 116	9 922	-	-
JA van Niekerk	7 447	10 035	-	1 588
V Kotzee	-	3 048	5	254
D Lambrechts	1 891	5 519	17	-
H Khrohn	-	5 555	6	1 394
	17 454	36 275	30	3 788

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2012				
Councillors	-	-	-	-
SR Claassen	1 420	3 809	121	2 199
SM Crafford	-	9 337	32	1 372
A de Vries	-	15 212	-	1 109
WJ Dirks	2 556	3 966	-	524
EB Manuel	1 278	12 863	105	2 048
JA Raats	6 287	18 747	32	2 096
A Maarman	110	2 110	-	167
SIJ Smit	3 251	21 075	141	3 017
	14 901	87 119	432	12 532

Municipal Manager and Section 57 Employees

C Liebenberg (former Municipal Manager)	7 313	22 499	-	1 419
JA van Niekerk	6 710	8 848	-	1 009
V Kotzee	-	684	5	689
J Joubert (former Director: Corporate Services)	1 048	665	-	-
D Lambrechts	6 816	30 725	-	2 415
H Khrohn	-	-	-	-
A Willemse (former Director: Technical Services)	2 899	7 341	-	-
	24 786	70 762	5	5 532

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

53.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

		2013 R	2012 R
53.3 Other related party transactions			
The following purchases were made during the year where Councillors or staff have an interest:			
<u>Councillor/Staff Member</u>	<u>Entity</u>		
EC Liebenberg (former Municipal Manager)	AA Liebenberg Trust - Rental Landbouhuis	-	41 382
JJ van Zyl & J van Zyl	V2 Elektries	5 990	-
		5 990	41 382

54. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

Going concern assumption is based on the following:

Financial Indicators

The current ratio increased to 2,06:1 from 1,72:1 in the prior year.

The municipality have budgeted for a surplus of R13 866 000 for the 2013/2014 financial year and surpluses of R25 199 000 and R29 234 000 for the 2014/2015 and 2015/2016 years respectively.

The average debtors collection rate increased from 95,23% to 97,55%.

Cash and Cash Equivalents have increased during the year, while Payables decreased during the year.

APPENDIX A
BERGRIVIER MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2012	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2013
LONG-TERM LOANS								
DBSA	15.00%	61001254	2018/06/30	1 193 780	2 496	-	(118 723)	1 077 552
DBSA	13.00%	61001020	2016/03/31	657 710	35 983	-	(142 097)	551 596
DBSA	9.98%	61000584	2016/12/31	1 581 690	(1)	-	(257 365)	1 324 325
DBSA	10.80%	61000234	2014/06/30	657 654	(2)	-	(242 275)	415 377
INCA	9.44%		2015/06/30	782 565	(1 363)	-	(236 784)	544 419
DBSA	13.23%	61002920	2015/06/30	822 015	(0)	-	(198 184)	623 832
DBSA	16.50%	61003131	2020/12/31	793 034	(0)	-	(42 623)	750 410
DBSA	14.00%	61001189	2017/09/30	852 661	(42 326)	-	(106 218)	704 117
DBSA	11.70%	61003268	2016/06/30	461 286	1	-	(82 957)	378 330
DBSA	9.94%	61000585	2013/12/31	547 093	-	-	(260 131)	286 961
Nedbank	11.27%	05/7831032282	2023/06/12	-	-	3 900 000	-	3 900 000
DBSA	9.86%	61000757	2018/12/31	5 134 018	-	-	(537 906)	4 596 112
DBSA	12.41%	61001029	2030/06/30	17 113 476	-	-	(258 552)	16 854 924
DBSA	11.53%	61006811	2031/06/30	4 013 952	-	-	(58 984)	3 954 968
DBSA	11.59%	61006837	2036/06/30	8 970 497	-	-	(69 395)	8 901 103
DBSA	11.33%	61006975	2032/06/30	3 000 000	-	-	(44 336)	2 955 664
Total Long-term Loans				46 581 430	(5 212)	3 900 000	(2 656 529)	47 819 689
LEASE LIABILITY								
Cellphones and Modems	Various			20 561	-	149 346	(23 977)	145 931
Telephone Systems	Various			232 588	-	-	(152 764)	79 825
Total Lease Liabilities				253 150	-	149 346	(176 740)	225 755
TOTAL EXTERNAL LOANS				46 834 580	(5 212)	4 049 346	(2 833 270)	48 045 445

APPENDIX B
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
20 726 704	15 894 810	4 831 894	Executive & Council	24 068 542	13 034 517	11 034 025
38 014 440	10 753 113	27 261 328	Budget & Treasury Office	42 781 914	10 508 165	32 273 748
816 406	17 908 664	(17 092 258)	Corporate Services	651 668	20 196 867	(19 545 199)
580 011	2 387 000	(1 806 989)	Planning & Development	545 376	2 521 046	(1 975 671)
-	-	-	Health	3 912 988	5 949 410	(2 036 422)
3 519 270	5 695 822	(2 176 553)	Community & Social Services	-	-	-
19 307 592	22 239 270	(2 931 677)	Housing	2 796 970	9 887 984	(7 091 014)
116 914	4 712 934	(4 596 020)	Public Safety	763 790	4 556 766	(3 792 976)
3 282 238	9 296 467	(6 014 229)	Sport and Recreation	875 703	1 739 491	(863 788)
-	-	-	Environmental Protection	-	-	-
11 328 008	14 118 324	(2 790 316)	Waste Management	3 747 027	21 330 178	(17 583 151)
16 512 905	7 044 246	9 468 660	Waste Water Management	70 861 309	67 258 419	3 602 890
3 084 591	17 339 212	(14 254 621)	Road Transport	17 642 360	15 291 773	2 350 588
14 844 819	11 889 812	2 955 007	Water	18 985 848	7 610 030	11 375 819
60 424 292	60 410 191	14 101	Electricity	12 085 228	12 139 567	(54 339)
192 558 190	199 689 864	(7 131 674)	Sub Total	199 718 723	192 024 214	7 694 509
-	-	-	Less Inter-Departmental Charges	-	-	-
192 558 190	199 689 864	(7 131 674)	Total	199 718 723	192 024 214	7 694 509

APPENDIX C
BERGRIVIER MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2013
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment	Closing Balance	
Executive & Council	112 290 828	(240 764)	629 704	-	-	112 679 768	18 018 764	(80 595)	4 838 984	-	22 777 153	89 902 615
Budget & Treasury Office	2 887 033	(4 420)	701 333	-	0	3 583 946	1 039 790	(1 230)	522 915	-	1 561 474	2 022 472
Corporate Services	509 697	(69 424)	149 346	-	-	589 619	297 314	(69 424)	161 889	-	389 779	199 840
Planning & Development	18 202	-	1 053	-	-	19 254	3 640	-	3 640	-	7 281	11 974
Health	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	11 101 707	(1 928)	901 499	-	-	12 001 278	2 711 755	(386)	495 203	-	3 206 573	8 794 705
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	475 131	-	978 066	-	-	1 453 196	235 217	-	129 796	-	365 013	1 088 183
Sport & Recreation	21 663 024	(7 018)	69 750	-	-	21 725 756	5 030 171	(1 404)	761 978	-	5 790 745	15 935 011
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	29 293 064	(18 356)	532 320	-	(2 013 483)	27 793 545	13 054 093	(3 671)	1 520 435	-	14 570 857	13 222 688
Waste Water Management	40 763 357	-	299 026	10 350 000	-	51 412 383	6 434 274	-	1 697 912	-	8 132 186	43 280 197
Road Transport	51 294 412	-	2 554 266	-	-	53 848 678	14 437 598	-	2 003 682	-	16 441 281	37 407 397
Water	42 680 683	214 900	626 101	850 613	-	44 372 297	10 063 772	-	1 240 551	-	11 304 324	33 067 973
Electricity	38 199 281	915 000	448 331	-	-	39 562 612	9 733 053	-	1 103 905	-	10 836 958	28 725 655
	351 176 418	787 990	7 890 795	11 200 613	(2 013 483)	369 042 333	81 059 442	(156 709)	14 480 891	-	95 383 624	273 658 709

APPENDIX D
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
20 726 704	15 894 810	4 831 894	Municipal Manager	24 068 542	13 034 517	11 034 025
-	-	-	Council	-	-	-
-	-	-	Municipal Manager	-	-	-
38 014 440	10 753 113	27 261 328	Director: Finance	42 781 914	10 508 165	32 273 748
-	(6 190)	6 190	Financial Administration	-	-	-
-	-	-	IT Administration	-	-	-
6 400	4 646 436	(4 640 036)	Director: Administration	6 960	5 522 829	(5 515 870)
450 337	7 292 185	(6 841 848)	Administration	324 236	7 754 153	(7 429 918)
287 324	1 501 242	(1 213 918)	Human Resources	159 560	1 519 043	(1 359 483)
-	-	-	Planning and Development	-	-	-
292 687	885 759	(593 071)	Director: Community Services	385 816	1 002 003	(616 188)
-	2 654 457	(2 654 457)	Building Control	-	2 023 863	(2 023 863)
-	260	(260)	Community Services	-	80 932	(80 932)
2 690 792	2 910 361	(219 570)	Fire	2 668 220	3 063 202	(394 983)
19 307 592	22 239 270	(2 931 677)	Holiday Resorts	875 703	1 739 491	(863 788)
3 313 040	2 767 747	545 294	Housing	3 687 873	3 668 201	19 672
-	1	(1)	Library	-	-	-
116 914	4 712 673	(4 595 759)	Museum	763 790	4 475 834	(3 712 044)
2 240 940	513 636	1 727 304	Traffic	2 791 245	577 026	2 214 218
-	-	-	Vehicle Licencing	-	-	-
206 229	273 619	(67 389)	Director: Technical Services	225 116	257 347	(32 231)
125 727	3 701 557	(3 575 831)	Cemetery	-	4 318 698	(4 318 698)
359 668	5 976 233	(5 616 565)	Community Parks	320 473	6 919 884	(6 599 411)
60 424 292	60 229 590	194 702	Council Properties & Buildings	70 861 309	66 956 807	3 904 501
-	180 601	(180 601)	Electricity	-	301 612	(301 612)
11 328 008	14 118 324	(2 790 316)	Electricity Streetlights	12 085 228	12 139 567	(54 339)
843 650	16 825 576	(15 981 925)	Refuse Removal and Dumping	955 782	20 753 151	(19 797 369)
16 381 326	6 026 844	10 354 483	Roads and Stormwater	18 985 848	6 744 989	12 240 859
465 720	2 684 549	(2 218 829)	Sewerage	128 750	2 506 083	(2 377 333)
131 579	1 017 402	(885 823)	Sportgrounds & Swimming Pools	-	865 041	(865 041)
14 844 819	11 889 812	2 955 007	Stormwater Management	17 642 360	15 291 773	2 350 588
-	-	-	Water	-	-	-
192 558 190	199 689 864	(7 131 674)	Sub Total	199 718 723	192 024 214	7 694 509
-	-	-	Less Inter-Departmental Charges	-	-	-
192 558 190	199 689 864	(7 131 674)	Total	199 718 723	192 024 214	7 694 509

APPENDIX E
BERGRIVIER MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2012	Correction of Error	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2013	Unspent 30 June 2013 (Creditor)	Unpaid 30 June 2013 (Debtor)
<u>National Government Grants</u>										
Equitable Share	(2 309 000)	-	22 679 000	-	-	(22 679 000)	-	(2 309 000)	-	(2 309 000)
Finance Management Grant	(18 492)	-	1 250 000	-	-	(1 231 508)	-	-	-	-
Municipal System Improvement Grant	(2 795)	-	800 000	-	-	(337 321)	(459 884)	-	-	-
Municipal Infrastructure Grant	-	-	11 799 000	-	-	-	(11 799 000)	-	-	-
Expanded Public Works Programme	-	-	896 000	-	-	(896 000)	-	-	-	-
Integrated National Electrification (Municipal)	-	-	4 200 000	-	-	(4 200 000)	-	-	-	-
Total National Government Grants	(2 330 287)	-	41 624 000	-	-	(29 343 829)	(12 258 884)	(2 309 000)	-	(2 309 000)
<u>Provincial Government Grants</u>										
Housing	(8 037)	-	667 696	-	-	(821 362)	-	(161 702)	-	(161 702)
CDW Contribution	40 090	-	54 000	-	-	(94 090)	-	(0)	-	(0)
Housing Consuming Education	39 924	-	-	-	-	(8 082)	-	31 842	31 842	-
Finance Management Grant	-	-	200 000	-	-	(98 058)	-	101 942	101 942	-
Library	-	-	3 640 000	-	-	(3 640 000)	-	-	-	-
Total Provincial Government Grants	71 977	-	4 561 696	-	-	(4 661 592)	-	(27 919)	133 784	(161 702)
<u>District Municipality</u>										
West Coast DM - LED	46 952	-	-	-	-	-	-	46 952	46 952	-
Total District Municipality Grants	46 952	-	-	-	-	-	-	46 952	46 952	-
<u>Other Grant Providers</u>										
Lotto: Zuurvlakte Sport Field	75 481	-	-	-	-	-	(75 481)	-	-	-
Lotto: Plant Trees	28 663	-	-	-	-	(28 663)	-	-	-	-
Lotto: Piketberg Sport Field	(535 154)	-	-	-	-	-	-	(535 154)	-	(535 154)
Total Other Grant Providers	(431 010)	-	-	-	-	(28 663)	(75 481)	(535 154)	-	(535 154)
Total Grants	(2 642 367)	-	46 185 696	-	-	(34 034 085)	(12 334 365)	(2 825 121)	180 736	(3 005 856)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.